



INVESTING IN COMMUNITIES

NOTICE OF REGULAR MEETING
**Sacramento Housing and Redevelopment
Commission**

Wednesday, June 4, 2014 – 6:00 pm
801 12th Street Sacramento, CA

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF MINUTES

1. Minutes – May 7, 2014

CITIZENS COMMENTS

2. While the Commission welcomes and encourages participation in the Commission meetings, it would be appreciated if you would limit your comments to three minutes so that everyone may be heard. Please fill out a speaker card and present it to the Agency Clerk if you wish to speak under Citizen Comments or on a posted agenda item. Matters under the jurisdiction of the Commission, and not on the posted agenda, may be addressed by the general public at this time. Commission attendees are requested to silence any electronic devices that they have in their possession.

CONSENT

3. Approval of 2014 CalHome Application - City report
4. Approval of 2014 CalHome Application – County report

BUSINESS ITEMS

5. Updated Agency fees and charges schedule
6. Approval of Housing Authority and Agency Loan for Woodhaven Senior Residence - City report
7. Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing and Approval Of Tax-Exempt Bonds For Woodhaven Senior Residence Project

WORKSHOP/INFORMATIONAL ITEMS

8. Marshall Hotel update
9. Choice Neighborhoods Initiative (CNI) update
10. Public Housing Assessment System (PHAS) Presentation
11. Section Eight Management Assessment Program (SEMAP) Presentation

EXECUTIVE DIRECTOR REPORT

COMMISSION CHAIR REPORT

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

ADJOURNMENT

Staff reports are available for public review on the Agency's website www.shra.org and include all attachments and exhibits. Hard copies are available at the Agency Clerk's office (801 12th Street) for 10 cents per page. A copy of materials for this agenda will be available at the meeting for public review. **Assistance for the Disabled:** Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify the Agency Clerk at (916) 440-1363 at least 48 hours prior to the meeting.



MINUTES

Sacramento Housing and Redevelopment Commission (SHRC)

Regular Meeting

May 7, 2014

Meeting noticed on May 2, 2014

ROLL CALL

The Sacramento Housing and Redevelopment Commission meeting was called to order at 6:00 p.m. by Chair Michael Alcalay. A quorum of members was present.

MEMBERS PRESENT: Alcalay, Chan, Creswell, Griffin, Johnson, Le Duc, Macedo, Morgan, Morton, Raab, Stivers

MEMBERS ABSENT: none

STAFF PRESENT: Vickie Smith, LaShelle Dozier, Tia Patterson, Jim Shields, Don Cavier, MaryLiz Paulson, Christine Weichert, Kyle Flood, Tyrone Williams, Monique Pierre, Lynette Jordan, Ann Roland, Cecette Hawkins

APPROVAL OF AGENDA Agenda approved as submitted.

APPROVAL OF MINUTES

1. The Commission recommended approval of the minutes for the April 16, 2014 meeting. The votes were as follows

AYES: Chan, Creswell, Griffin, LeDuc, Macedo, Morgan, Morton, Raab

NOES: none

ABSTAIN: Alcalay, Johnson, Stivers

CITIZENS COMMENTS

2. none

PUBLIC HEARING

3. Authorization to Execute a Long Term Revocable License with New Cingular Wireless PCS to place Cell Towers at 1725/1731 K Street, Sacramento, CA

Chair Alcalay opened and closed the public hearing. No public testimony was received.

Cecette Hawkins presented the item.

The Commission recommended approval of the staff recommendation for the item listed above. The votes were as follows

AYES: Alcalay, Chan, Creswell, Griffin, Johnson, LeDuc, Macedo, Morgan, Morton, Raab, Stivers

NOES: none

ABSTAIN: none

ABSENT: none

WORKSHOP/INFORMATIONAL ITEMS

4. Multi-Family Lending Guidelines Overview

Christine Weichert presented the overview. After a discussion amongst the members, it was determined that no amendment to these guidelines was needed at the present time.

5. Report on Cap and Trade Program

Tia Boatman Patterson presented the item.

6. Marshall Hotel update

Christine Weichert presented the update.

EXECUTIVE DIRECTOR REPORT

LaShelle Dozier announced the following:

- Next meeting would be June 4th
- New staff members Kyle Flood and Tyrone Williams were introduced.
- Two upcoming events – May 9th Louise Perez community center opening and May 19th Ridgeway apartments opening.

COMMISSION CHAIR REPORT

Chair Alcalay announced the following:

- Thanked Vice-Chair LeDuc for serving as Chair at the last meeting
- Thanked members Stivers, LeDuc and Creswell for leadership on Boomerang funds issue.
- Requested update at next meeting on status of Choice Neighborhoods Initiative projects.

SHRC Minutes
May 7, 2014

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioners requested to be kept up to date on SHRA articles in the media.

ADJOURNMENT

As there was no further business to be conducted, Chair Alcalay adjourned the meeting at 7:40 p.m.

AGENCY CLERK



May 29, 2014

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of 2014 CalHome application

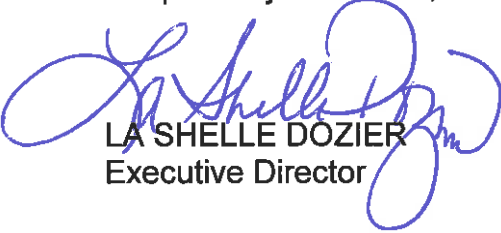
SUMMARY

The attached report is submitted to you for review prior to consideration by the City of Sacramento.

RECOMMENDATION

Staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachment



REPORT TO CITY COUNCIL
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Consent
June 17, 2014

Honorable Mayor and Members of the City Council

Title: Approval of 2014 CalHome Application

Location/Council District: Citywide

Issue: This report requests authority to apply for CalHome Program funding in response to the Notice of Funding Availability (NOFA) recently announced by the California Department of Housing and Community Development.

Recommendation: Adopt a Council Resolution authorizing the Sacramento Housing and Redevelopment Agency (Agency) through its Executive Director to: 1) submit an application to the California Department of Housing and Community Development in the amount of \$1,500,000 for funding under the CalHome program; 2) execute a Standard Agreement for such funding, execute any related documents necessary to participate in the CalHome Program, and any amendments thereto; 3) adopt local CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines; and 4) amend the Agency Budget to receive and expend the \$1,500,000 in CalHome funding for the First-Time Homebuyer Mortgage Assistance activity.

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353
Susan Perry, Supervisor, Portfolio Management and Homeownership, 440-1386

Presenters: Not applicable.

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The California Department of Housing and Community Development (HCD) announced a NOFA for the CalHome Program on April 29, 2014. Applications under the NOFA are due to HCD no later than July 10, 2014. The funding for this NOFA was provided by the passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006. This report requests authorization to apply for CalHome Program funds in the amount of \$1,500,000 to use in a homebuyer assistance program. Funding from this program will assist 40-45 low-income homebuyers to purchase their first home in targeted areas of the City.

Approval of 2014 CalHome Application

Background: The Sacramento Housing and Redevelopment Agency (Agency) has administered the CalHome Program on behalf of the City since 2001. With this program the Agency has assisted over 200 low-income homebuyers in the City to purchase their first home. HCD awards CalHome grants to eligible organizations for activities that support homeownership programs aimed at low and very-low income households. In the recently announced NOFA, the maximum application amount for jurisdictions with a population in excess of 400,000 is \$1,500,000.

First-Time Homebuyer Mortgage Assistance: The CalHome First-Time Homebuyer Mortgage Assistance Program provides down payment and mortgage assistance to low-income first-time homebuyers. The assistance is in the form of a deferred payment loan. The assistance will be calculated at 20% of the purchase price, and can range from a minimum amount of \$10,000 to a maximum amount of \$40,000. The program imposes housing ratio guidelines to ensure the home being purchased is affordable to the homebuyer. Please see Attachment 2, CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines, for the Agency's proposed program guidelines.

Program Targeting: The Agency's application to HCD for CalHome funding will be rated and ranked based upon various evaluation criteria, and maximum points will be awarded in the category of community revitalization if the application restricts the program to federally defined qualified census tracts. Due to the need to increase homeownership in these areas, the limited number of homebuyers that can be assisted with CalHome funds, and to make our application more competitive, staff recommends that the program be targeted to the qualified census tracts in the City. Please see Attachment 3, CalHome Target Area Map.

Policy Considerations: The actions requested in this report will allow the Agency to apply for CalHome Program funds to use in a First-Time Homebuyer Mortgage Assistance program and is consistent with Agency policies to increase homeownership opportunities. The CalHome First-Time Homebuyer Mortgage Assistance program will result in 40-45 additional homeowners in the City, contributing to goals in the City's 2014-2021 Housing Element.

Economic Impacts: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action consists of an application to create a government funding mechanism, which is a financing mechanism, to provide purchasing assistance to low-income homebuyers for purchase of single family homes which have previously been constructed or are in projects that have already been reviewed under the California Environmental Quality Act (CEQA), approved, and are under construction. The action does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project

Approval of 2014 CalHome Application

under CEQA per Guidelines Section 15378(b)(4).

Sustainability Considerations: Not applicable.

Other: The National Environmental Policy Act (NEPA) does not apply.

Commission Action: At its meeting on June 4, 2014, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation: A successful CalHome application would provide funding for homebuyer assistance for 40-45 low-income homebuyers in targeted areas of the City, increasing the level of homeownership in community revitalization areas.

Financial Considerations: The CalHome application will be in the amount of \$1,500,000. The program includes an Activity Delivery Fee of approximately six (6) percent of the grant amount, which is an offset to Agency staffing costs incurred in administering the CalHome Program. Loan repayments revolve into a CalHome reuse account which is used to fund future Agency loan programs for CalHome eligible activities.

M/WBE and Section 3 Considerations: The items discussed in this staff report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements.


Respectfully Submitted by: 
LA SHELLE DOZIER
Executive Director

Table of Contents

Report	pg. 1
Attachments	
1 Resolution	pg. 4
2 Exhibit A CalHome FTHB Program Guidelines	pg. 6
3 CalHome Target Area Map	pg. 10

RESOLUTION NO. 2014 -

Adopted by the Sacramento City Council

On date of

AUTHORIZATION FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO APPLY FOR, ACCEPT, AND ADMINISTER THE CALHOME PROGRAM IN THE NAME OF AND ON BEHALF OF THE CITY OF SACRAMENTO; ADOPTION OF CALHOME GUIDELINES; RELATED BUDGET AMENDMENT; ENVIRONMENTAL FINDINGS

BACKGROUND

- A. The City of Sacramento, a political subdivision of the State of California, wishes to apply for and receive an allocation of funds through the CalHome Program.
- B. The California Department of Housing and Community Development ("HCD") has issued a Notice of Funding Availability ("NOFA") for the CalHome Program established by Chapter 84, Statutes of 2000 (SB1656 Alarcon), and codified in Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the Health and Safety Code (the "statute"). Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome Program, subject to the terms and conditions of the statute and the CalHome Program Regulations adopted by HCD in April 2004; and
- C. The City, by its agent, the Sacramento Housing and Redevelopment Agency, ("Agency") wishes to submit an application to obtain from HCD an allocation of CalHome funds in the amount of \$1,500,000.
- D. The proposed action is approval of Agency's submission of an application for funds to be used under the statutory requirements of the CalHome Program to provide purchasing assistance to low-income home buyers for purchase of single family homes which have previously been constructed or are in projects that have already been reviewed under CEQA, approved, and are under construction. The action does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project under CEQA per Guidelines Section 15378(b) (4). The National Environmental Policy Act (NEPA) does not apply.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. All evidence presented having been duly considered, the background facts, as stated above, including the environmental facts, are found to true and correct

- Section 2. The City delegates authority to the Agency to submit an application to HCD on behalf of and in the name of the City of Sacramento to participate in the CalHome Program in response to the NOFA issued on April 29, 2014 which will request a funding allocation for the following eligible activity in the City of Sacramento in targeted areas as described in the staff report:
- First-Time Homebuyer Mortgage Assistance \$1,500,000
- Section 3. If the application for funding is approved, the City delegates authority to the Agency to receive funding from HCD on behalf of and in the name of the City and to administer the CalHome funds for eligible activities in the manner presented in the application as approved by HCD and in accordance with program regulations cited above.
- Section 4. The City authorizes the Agency to execute, on behalf of itself and the City, the application, the Standard Agreement, and any and all other documents necessary or required by HCD for participation in the CalHome Program, as currently established in the applicable law and regulations, and any amendments thereto.
- Section 5. The City adopts the CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines, as described in Exhibit A. The Agency may make technical changes to the guidelines as necessary for program implementation.
- Section 6. If the application for funding is approved, the Agency's Budget is hereby amended to incorporate the CalHome funding of up to \$1,500,000 for the First-Time Homebuyer Mortgage Assistance Program.

Table of Contents

Exhibit A – CalHome FTHB Program Guidelines



Fact Sheet

801 12TH STREET • SACRAMENTO, CA 95814 (916) 440-1393

CalHome First-Time Homebuyer Mortgage Assistance Program 2014 CONTRACT PROGRAM GUIDELINES

CalHome Program	Sacramento Housing and Redevelopment Agency (Agency) has an allocation of State CalHome funds available for mortgage assistance to qualified borrowers. This funding is administered in accordance with guidelines adopted by the State Department of Housing and Community Development (HCD). Funds are provided to qualified households in the form of 30-year, deferred-payment second mortgages. The CalHome First-Time Homebuyer Mortgage Assistance loan helps buyers purchase homes by providing down payment assistance.
Maximum Loan Amount	The maximum loan shall not exceed the required amount of assistance needed to make the unit affordable to the homebuyer. The assistance will be calculated as follows:
Calculation of Assistance	The amount of assistance will be calculated at 20 percent of the purchase price up to a maximum loan amount of \$40,000. Minimum loan amount will be \$10,000.
Interest Rate	Three percent fixed rate, simple. Principal and interest shall be deferred for the term of the loan.
Term	30 years
Max CLTV	The loan-to-value ratio for the CalHome Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to five percent of the sales price to cover actual closing costs.
Use of Funds	Funds may be used for down payment and mortgage assistance.
Applicant Eligibility First-Time Home Buyer	The applicant must be a first-time homebuyer which means a borrower(s) who has not owned a home during the three-year period prior to the purchase of a home with CalHome assistance. Applicant's Federal income tax returns will be used to verify compliance. The CalHome Regulation Section 7716(m) contains a provision for individuals who meet the definition of a displaced homemaker or single parent, or individuals who have owned a mobile home not permanently affixed to a permanent foundation to be considered eligible for the program.
Applicant Eligibility Household Income	The qualifying income of CalHome applicant household must not exceed 80 percent of County median income for the size of the household. As published by HCD on February 28, 2014, the eligible income limits are:

Household Size	80 percent of County median
1-person	\$42,650
2-person	\$48,750
3-person	\$54,850
4-person	\$60,900
5-person	\$65,800
6-person	\$70,650

Household size is determined by applicant declaration as to household size, with supporting documentation such as tax returns.

Qualifying Income Qualifying income is calculated by totaling gross income for all persons 18 years of age or older who will occupy the residence. The income is annualized forward over a twelve-month period. Income includes all salaries, wages, overtime and bonuses before payroll deductions. It also includes earnings from interest on savings and checking accounts, dividends, the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, public assistance, alimony, child support or regular gifts. Interest income, actual or imputed, from assets over \$5,000 will be included in qualifying income.

Eligibility vs. Lender Income For program eligibility, the total annual income includes income of all adult members of the household.

For underwriting purposes, the lender shall use standard industry methods for determining the borrower's annual gross income. Note that the gross income figure calculated for income-eligibility purposes may vary substantially from the annual income a lender will use to underwrite the first mortgage.

Housing Debt Ratio With the CalHome assistance, the homebuyer's monthly housing costs are to be affordable as evidenced by a monthly housing cost ratio of no less than 28 percent of the borrower's gross monthly income and no more than 38 percent of the borrower's gross monthly income. The total debt ratio may be determined by the lender's underwriting guidelines.

For FHA insured loans, the maximum homebuyer ratios are 29/41. These cannot be exceeded unless there are significant compensating factors.

Underwriting The first mortgage lender will perform the underwriting using established credit guidelines for the particular mortgage program as determined by industry standards. The Agency will review the first mortgage underwriting as part of its eligibility analysis for the CalHome assistance and may require credit explanations or payoff of collection accounts if deemed necessary and prudent. Prior bankruptcies or foreclosures may be permitted with evidence of reestablished credit if allowed by lender's credit guidelines.

There may be no outstanding unpaid judgments or involuntary liens at the time the CalHome loan is recorded.

First Mortgage Restrictions Borrower shall obtain the maximum first lien mortgage loan with a term and interest rate from a mortgage lender consistent with affordable housing costs outlined above.

The term of the loan shall be a minimum of 30 years.

Mortgage loans shall not include provisions for negative amortization, principal increases, balloon payments or deferred interest. Adjustable

Rate Loans (ARM's) and Graduated Payment Loans (GPM's) are not allowed. Interest rate buy downs are not allowed.

The first mortgage may be an FHA loan, conventional loan, or CalHFA financing.

Fees and charges to the borrower for the first mortgage loan shall be reasonable and must be approved by the CalHome lender.

The first mortgage lender is required to collect and manage impound accounts for payment of taxes, assessments and hazard insurance according to the lender's requirements.

Subordinate Financing to the CalHome Loan

Homebuyer mortgage assistance loans subordinate to the CalHome Program Loan are allowed provided the combined loan-to-value ratio does not exceed 100 percent of the sales price plus a maximum of up to five percent of the sales price to cover actual non-recurring closing costs.

Subordinate financing loans shall defer all principal and interest payments for the term of the CalHome Program loan. No balloon payments are allowed prior to the maturity date of the CalHome loan.

Escrow Prohibitions

Cash transactions and oral agreements outside of escrow are prohibited. Cash out of escrow to the borrower is limited to the amount deposited into escrow by the borrower and not needed for any lender-required minimum down payment. Borrower costs "Paid Outside Closing" are not reimbursable with cash out of escrow.

**Eligible Properties
Maximum Sales Price**

Single family residences (including condominiums and half-plexes) in eligible areas of the City and unincorporated County of Sacramento. The property must meet minimum housing quality standards. An Agency inspection will be required.

The maximum allowable sales price of the assisted unit cannot exceed the current median sales price of a single family home in Sacramento County as published by a real estate research company, such as DataQuick. The current median sales price for Sacramento County is \$245,000.

Eligible Areas

In the City of Sacramento, the CalHome Program is limited to properties located in "qualified census tracts".

In the County of Sacramento, the CalHome Program is available only within the unincorporated areas and is limited to properties located in "qualified census tracts". The program is not available in Citrus Heights, Elk Grove, Galt, Folsom, Isleton, or Rancho Cordova.

See below for the list of "qualified census tracts".

Qualified Census Tracts - City

The "qualified census tracts" are: 0005.00, 0006.00, 0007.00, 0011.01, 0018.00, 0020.00, 0022.00, 0027.00, 0028.00, 0032.02, 0032.03, 0032.04, 0037.00, 0041.00, 0042.02, 0042.03, 0043.00, 0044.01, 0044.02, 0045.01, 0045.02, 0046.01, 0048.01, 0048.02, 0049.03, 0049.05, 0050.02, 0052.01, 0052.05, 0053.01, 0055.02, 0055.05, 0062.02, 0063.00, 0064.00, 0065.00, 0066.00, 0067.02, 0068.00, 0070.01, 0070.19, 0074.13, 0092.01, 0096.06, 0096.33

Qualified Census Tracts - County

The "qualified census tracts" are: 0044.01, 0044.02, 0045.01, 0045.02, 0046.01, 0046.02, 0047.01, 0048.01, 0048.02, 0050.02, 0052.05, 0055.02, 0055.05, 0055.06, 0055.09, 0056.01, 0056.05, 0061.01, 0062.01, 0062.02, 0070.19, 0073.01, 0074.13, 0074.14, 0074.23, 0074.24, 0081.33, 0091.05, 0091.10, 0092.01

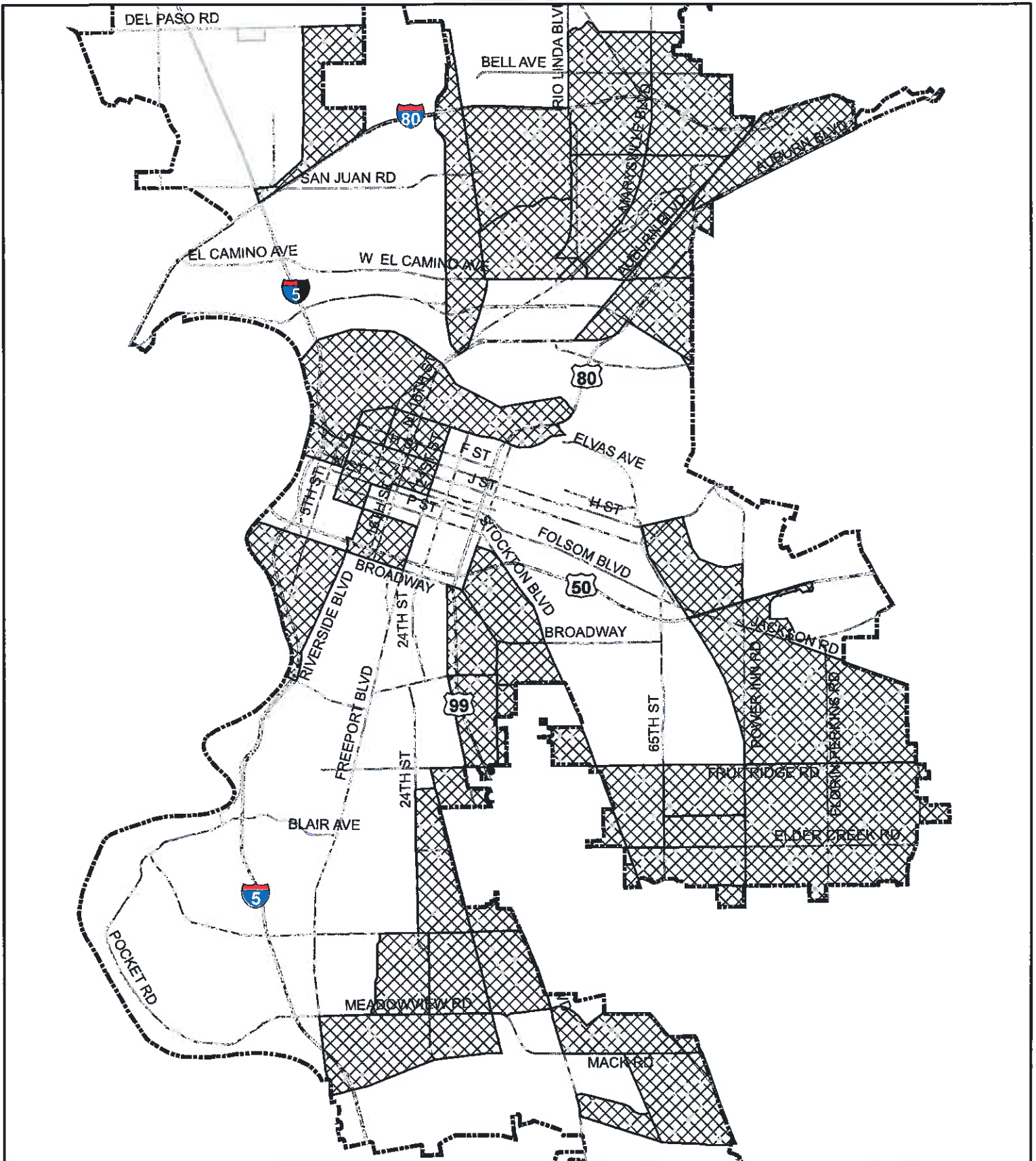
Repayment of CalHome Loan	Loans shall be repayable upon sale or transfer of the property, when the property ceases to be owner-occupied, or upon the CalHome Program Loan maturity date.
Hardship	<p>However, if it is determined by the recipient that repayment of the CalHome Program loan at the maturity date causes a hardship to the borrower, the borrower has two options:</p> <p>(A) Amending the note and deed of trust to defer repayment of the amount due at loan maturity, that is the original principal and the accrued interest, for up to an additional 30 years (at zero percent additional interest), this may be offered one time, or</p> <p>(B) Converting the debt at loan maturity, that is the original principal balance and any accrued interest, to an amortized loan, repayable in 15 years at zero percent additional interest.</p>
Refinancing	Refinancing may be allowed subject to the provisions of the Agency loan servicing /subordination policy. In general, "cash out" refinancing is prohibited by Agency policy.
Reuse Account	When CalHome loans are repaid, the funds are deposited into a "CalHome Reuse Account". Loans funded from this reuse account will conform to the current Agency CalHome Program guidelines.
Homebuyer Education	<p>All CalHome homebuyers must attend an in-person 8 hour HUD approved course of homebuyer education classes. The homebuyer education requirement may be met by taking the following classes:</p> <p>Sacramento Home Loan Counseling Center</p> <ul style="list-style-type: none"> • Course 1 –The Home Buying Process • Course 2 – Credit & Money Management • Course 3 - Home Maintenance/Good Neighbor; OR <p>NeighborWorks Homeownership Center – Sacramento or Stockton offices</p> <ul style="list-style-type: none"> • Preparing for Homeownership – 8 hour course
Application Procedures	To apply for the program, please contact any of the lenders on the Agency Approved Lender List. For additional information or questions call (916) 440-1393, or visit our web site at www.shra.org .



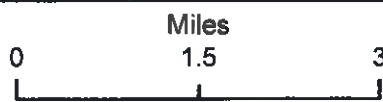
Equal Housing Opportunity



CalHome Target Area - City



- City of Sacramento
- CalHome Census Tract 2010 - City



SHRA GIS
May 21, 2014

RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF
June 4, 2014

AUTHORIZATION FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO APPLY FOR, ACCEPT, AND ADMINISTER THE CALHOME PROGRAM IN THE NAME OF AND ON BEHALF OF THE CITY AND THE COUNTY OF SACRAMENTO; ADOPTION OF CALHOME GUIDELINES; RELATED BUDGET AMENDMENT; ENVIRONMENTAL FINDINGS

WHEREAS, the City of Sacramento and County of Sacramento, political subdivisions of the State of California, wish to apply for and receive an allocation of funds through the CalHome Program; and

WHEREAS, the California Department of Housing and Community Development (“HCD”) has issued a Notice of Funding Availability (“NOFA”) for the CalHome Program established by Chapter 84, Statutes of 2000 (SB1656 Alarcon), and codified in Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the Health and Safety Code (the “statute”). Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome Program, subject to the terms and conditions of the statute and the CalHome Program Regulations adopted by HCD in April 2004; and

WHEREAS, the City and the County, by its agent, the Sacramento Housing and Redevelopment Agency, (“Agency”) each wish to submit an application to obtain from HCD an allocation of CalHome funds in the amount of \$1,500,000; and

WHEREAS, the proposed action is approval of Agency’s submission of an application for funds to be used under the statutory requirements of the CalHome Program to provide purchasing assistance to low-income home buyers for purchase of single family homes which have previously been constructed or are in projects that have already been reviewed under CEQA, approved, and are under construction. The action does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project under CEQA per Guidelines Section 15378(b) (4). The National Environmental Policy Act (NEPA) does not apply.

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. All evidence presented having been duly considered, the above recitals, including the environmental recitals, are found to be true and correct.

Section 2. Upon delegation of appropriate authority from the City and the County and on behalf of and in the name of the City and the County, the Executive Director, or her designee, is authorized and directed to submit an application to HCD to participate in the CalHome Program in response to the NOFA issued on April 29, 2014, which will request a funding allocation for the City of Sacramento and for the County of Sacramento in targeted areas as described in the staff reports for the following eligible activity in each jurisdiction:

- First-Time Homebuyer Mortgage Assistance \$1,500,000

Section 3. If the applications for funding are approved, the Executive Director is, thereafter, authorized to receive funding from HCD in the amount of \$1,500,000 for each jurisdiction on behalf of and in the name of the Agency and the City and the County and to administer CalHome funds for eligible activities in the manner presented in the applications as approved by HCD and in accordance with program regulations cited above.

Section 4. If the applications for funding are approved, the Executive Director of the Agency, or her designee, shall execute, on behalf of the City and the County and in the name of the City and the County as HCD requires, the application, the Standard Agreement, and any and all other documents necessary or required by HCD for participation in the CalHome Program, as currently established in the applicable law and regulations, and any amendments thereto.

Section 5. The CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines as described in attachments to the staff reports are adopted. The Executive Director of the Agency is obligated to comply with these Guidelines in administration of the CalHome Program funding on behalf of the City and the County, and the Executive Director of the Agency may make technical changes to these Guidelines as necessary for program implementation in compliance with the applicable laws and regulations.

Section 6. If the application for funding is approved, the Agency's Budget is hereby amended to incorporate the CalHome funding of up to \$1,500,000 in both the City and the County for the First-Time Homebuyer Mortgage Assistance Program.

CHAIR

ATTEST:

CLERK



May 29, 2014

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of 2014 CalHome application

SUMMARY

The attached report is submitted to you for review prior to consideration by the County of Sacramento.

RECOMMENDATION

Staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,


LASHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
June 17, 2014

To: Board of Supervisors of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Approval Of 2014 CalHome Application

Supervisory
District: All

Contact: Christine Weichert, Development Finance Assistant Director, 440-1353
Susan Perry, Portfolio Management & Homeownership Supervisor, 440-1386

Overview

This report requests authorization to apply for the CalHome Program funds recently announced in a Notice of Funding Availability (NOFA) by the California Department of Housing and Community Development (HCD). Applications under the NOFA are due to HCD no later than July 10, 2014. The CalHome funds will be used in a First-Time Homebuyer Mortgage Assistance Program.

Recommendations

Approve the attached Board of Supervisors (Board) Resolution which authorizes the Sacramento Housing and Redevelopment Agency (Agency) to:

1. Submit an application to HCD in the amount of \$1,500,000 for funding under the CalHome Program;
2. Execute a Standard Agreement for such funding, execute any related documents necessary to participate in the CalHome Program, and any amendments thereto;
3. Adopt local CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines; and
4. Amend the Agency Budget to receive and expend the \$1,500,000 in CalHome funding for the First-Time Homebuyer Mortgage Assistance activity.

Measures/Evaluation

A successful application would make available \$1,500,000 in CalHome program funds which will be used to provide assistance to 40-45 low-income homebuyers in targeted areas of the unincorporated County. This contributes to the County of Sacramento's 2013-2020 Housing Element goals. The Agency annually reports statistics on progress toward housing element goals to the County of Sacramento.

Fiscal Impact

Approval of this action will allow the Agency to apply for \$1,500,000 of CalHome funds to be used in a homebuyer assistance program. No other funding sources are used to administer the CalHome Program. Loan repayments revolve into a CalHome reuse account which will be used to fund future Agency loan programs for CalHome eligible activities.

BACKGROUND

On April 29, 2014, HCD announced a NOFA for the CalHome Program. The funding for this NOFA was provided by the passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006. HCD awards CalHome grants to eligible organizations for activities that support homeownership programs aimed at low and very-low income households. The Board has provided authorization to apply for CalHome Program funding in previous years, with successful applications resulting in CalHome funding awards. This report requests authorization to apply for CalHome Program funds in response to the current NOFA.

DISCUSSION

Since 2001 the Agency has administered the CalHome Program on behalf of the unincorporated County. With this program, over 170 low-income homebuyers have received assistance to purchase their first home. In the recently announced NOFA, the maximum application amount for jurisdictions with a population in excess of 400,000 is \$1,500,000.

First-Time Homebuyer Mortgage Assistance: The CalHome First-Time Homebuyer Mortgage Assistance Program provides down payment and mortgage assistance to low-income first-time homebuyers. The assistance is in the form of a deferred payment loan. The assistance will be calculated at 20% of the purchase price, and can range from a minimum amount of \$10,000 to a maximum amount of \$40,000. The program imposes housing ratio guidelines to ensure the home being purchased is affordable to the homebuyer. Please see Attachment I, CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines for additional information.

Program Targeting: The Agency's application to HCD for CalHome funding will be rated and ranked based upon various evaluation criteria. Maximum points will be awarded in the category of community revitalization if the application restricts the program to federally defined qualified census tracts. Due to the need to increase homeownership in these areas, the limited number of homebuyers that can be assisted with CalHome funds, and to make our application more competitive, staff recommends the program be targeted to qualified census tracts in the unincorporated County. Please see Attachment II, CalHome Target Area Map for additional information.

COMMISSION ACTION

At its meeting of June 4, 2014, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

MEASURES/EVALUATIONS

The County of Sacramento's Housing Element includes goals to create and preserve affordable housing stock for the period of 2013 to 2020. A successful CalHome application would make available \$1,500,000 in CalHome Program funds, assisting 40-45 low-income homebuyers in targeted areas of the unincorporated County.

FINANCIAL ANALYSIS

The CalHome application will be in the amount of \$1,500,000. The CalHome program includes an activity delivery fee of approximately six (6) percent of the grant amount, which is an offset to Agency staffing costs incurred in administering the CalHome program. Loan repayments revolve into a CalHome reuse account which is used to fund future Agency loan programs for CalHome eligible activities.

POLICY CONSIDERATIONS

The actions requested in this report are consistent with the Agency policy of providing affordable homeownership opportunities within the unincorporated areas of the County. The actions requested are consistent with the County of Sacramento's 2013-2020 Housing Element goals to create and preserve affordable housing stock.

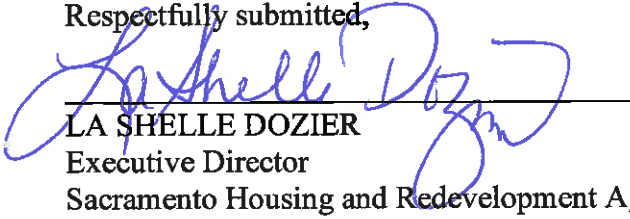
ENVIRONMENTAL REVIEW

The proposed actions consist of an application to create a government funding mechanism which is a financing mechanism to provide assistance to low-income homebuyers for purchase of single family homes which have previously been constructed or are in projects that have already been reviewed under the California Environmental Quality Act (CEQA), approved, and are under construction. The action does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project under CEQA per Guidelines Section 15378(b)(4). The National Environmental Policy Act (NEPA) does not apply.

M/WBE AND SECTION 3 CONSIDERATIONS

The items discussed in this staff report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED

BRADLEY J. HUDSON
County Executive

Attachments:

RES – County BOS Resolution

ATT I – CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines

ATT II – CalHome Target Area Map

RESOLUTION NO. _____

ON DATE OF

AUTHORIZATION FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO APPLY FOR, ACCEPT, AND ADMINISTER THE CALHOME PROGRAM IN THE NAME OF AND ON BEHALF OF THE COUNTY OF SACRAMENTO; ADOPTION OF CALHOME GUIDELINES; RELATED BUDGET AMENDMENT; ENVIRONMENTAL FINDINGS

WHEREAS, the County of Sacramento, a political subdivision of the State of California, wishes to apply for and receive an allocation of funds through the CalHome Program; and

WHEREAS, the California Department of Housing and Community Development (“HCD”) has issued a Notice of Funding Availability (“NOFA”) for the CalHome Program established by Chapter 84, Statutes of 2000 (SB1656 Alarcon), and codified in Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the Health and Safety Code (the “statute”). Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome Program, subject to the terms and conditions of the statute and the CalHome Program Regulations adopted by HCD in April 2004; and

WHEREAS, the County, by its agent, the Sacramento Housing and Redevelopment Agency, (“Agency”) wishes to submit an application to obtain from HCD an allocation of CalHome funds in the amount of \$1,500,000; and

WHEREAS, the proposed action is approval of Agency’s submission of an application for funds to be used under the statutory requirements of the CalHome Program to provide purchasing assistance to low-income home buyers for purchase of single family homes which have previously been constructed or are in projects that have already been reviewed under CEQA, approved, and are under construction. The action does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project under CEQA per Guidelines Section 15378(b) (4). The National Environmental Policy Act (NEPA) does not apply.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO

Section 1: All evidence presented having been duly considered, the recitals, as stated above, including the environmental recitals, are found to true and correct

Section 2: The County delegates authority to the Agency to submit an application to HCD on behalf of and in the name of the County of Sacramento to participate in the CalHome Program in response to the NOFA issued on April 29, 2014 which will request a funding allocation for the following eligible activity in the County of Sacramento in targeted areas as described in the staff report:

- First-Time Homebuyer Mortgage Assistance \$1,500,000

Section 3. If the application for funding is approved, the County delegates authority to the Agency to receive funding from HCD on behalf of and in the name of the County and to administer the CalHome funds for eligible activities in the manner presented in the application as approved by HCD and in accordance with program regulations cited above.

Section 4. The County authorizes the Agency to execute, on behalf of itself and the County, the application, the Standard Agreement, and any and all other documents necessary or required by HCD for participation in the CalHome Program, as currently established in the applicable law and regulations, and any amendments thereto.

Section 5. The County adopts the CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines, as described in Attachment I. The Agency may make technical changes to the guidelines as necessary for program implementation.

Section 6. If the application for funding is approved, the Agency's Budget is hereby amended to incorporate the CalHome funding of up to \$1,500,000 for the First-Time Homebuyer Mortgage Assistance Program.

On a motion by Supervisor _____, seconded by Supervisor _____,
the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of
Sacramento, State of California this 17th day of June, 2014, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk, Board of Supervisors



Fact Sheet

801 12TH STREET • SACRAMENTO, CA 95814 (916) 440-1393

CalHome First-Time Homebuyer Mortgage Assistance Program 2014 CONTRACT PROGRAM GUIDELINES

CalHome Program	Sacramento Housing and Redevelopment Agency (Agency) has an allocation of State CalHome funds available for mortgage assistance to qualified borrowers. This funding is administered in accordance with guidelines adopted by the State Department of Housing and Community Development (HCD). Funds are provided to qualified households in the form of 30-year, deferred-payment second mortgages. The CalHome First-Time Homebuyer Mortgage Assistance loan helps buyers purchase homes by providing down payment assistance.
Maximum Loan Amount	The maximum loan shall not exceed the required amount of assistance needed to make the unit affordable to the homebuyer. The assistance will be calculated as follows:
Calculation of Assistance	The amount of assistance will be calculated at 20 percent of the purchase price up to a maximum loan amount of \$40,000. Minimum loan amount will be \$10,000.
Interest Rate	Three percent fixed rate, simple. Principal and interest shall be deferred for the term of the loan.
Term	30 years
Max CLTV	The loan-to-value ratio for the CalHome Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to five percent of the sales price to cover actual closing costs.
Use of Funds	Funds may be used for down payment and mortgage assistance.
Applicant Eligibility First-Time Home Buyer	The applicant must be a first-time homebuyer which means a borrower(s) who has not owned a home during the three-year period prior to the purchase of a home with CalHome assistance. Applicant's Federal income tax returns will be used to verify compliance. The CalHome Regulation Section 7716(m) contains a provision for individuals who meet the definition of a displaced homemaker or single parent, or individuals who have owned a mobile home not permanently affixed to a permanent foundation to be considered eligible for the program.
Applicant Eligibility Household Income	The qualifying income of CalHome applicant household must not exceed 80 percent of County median income for the size of the household. As published by HCD on February 28, 2014, the eligible income limits are:

Household Size	80 percent of County median
1-person	\$42,650
2-person	\$48,750
3-person	\$54,850
4-person	\$60,900
5-person	\$65,800
6-person	\$70,650

Household size is determined by applicant declaration as to household size, with supporting documentation such as tax returns.

Qualifying Income

Qualifying income is calculated by totaling gross income for all persons 18 years of age or older who will occupy the residence. The income is annualized forward over a twelve-month period. Income includes all salaries, wages, overtime and bonuses before payroll deductions. It also includes earnings from interest on savings and checking accounts, dividends, the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, public assistance, alimony, child support or regular gifts. Interest income, actual or imputed, from assets over \$5,000 will be included in qualifying income.

Eligibility vs. Lender Income

For program eligibility, the total annual income includes income of all adult members of the household.

For underwriting purposes, the lender shall use standard industry methods for determining the borrower's annual gross income. Note that the gross income figure calculated for income-eligibility purposes may vary substantially from the annual income a lender will use to underwrite the first mortgage.

Housing Debt Ratio

With the CalHome assistance, the homebuyer's monthly housing costs are to be affordable as evidenced by a monthly housing cost ratio of no less than 28 percent of the borrower's gross monthly income and no more than 38 percent of the borrower's gross monthly income. The total debt ratio may be determined by the lender's underwriting guidelines.

For FHA insured loans, the maximum homebuyer ratios are 29/41. These cannot be exceeded unless there are significant compensating factors.

Underwriting

The first mortgage lender will perform the underwriting using established credit guidelines for the particular mortgage program as determined by industry standards. The Agency will review the first mortgage underwriting as part of its eligibility analysis for the CalHome assistance and may require credit explanations or payoff of collection accounts if deemed necessary and prudent. Prior bankruptcies or foreclosures may be permitted with evidence of reestablished credit if allowed by lender's credit guidelines.

There may be no outstanding unpaid judgments or involuntary liens at the time the CalHome loan is recorded.

First Mortgage Restrictions

Borrower shall obtain the maximum first lien mortgage loan with a term and interest rate from a mortgage lender consistent with affordable housing costs outlined above.

The term of the loan shall be a minimum of 30 years.

Mortgage loans shall not include provisions for negative amortization, principal increases, balloon payments or deferred interest. Adjustable Rate Loans (ARM's) and Graduated Payment Loans (GPM's) are not allowed. Interest rate buy downs are not allowed.

The first mortgage may be an FHA loan, conventional loan, or CalHFA financing.

Fees and charges to the borrower for the first mortgage loan shall be reasonable and must be approved by the CalHome lender.

The first mortgage lender is required to collect and manage impound accounts for payment of taxes, assessments and hazard insurance according to the lender's requirements.

Subordinate Financing to the CalHome Loan

Homebuyer mortgage assistance loans subordinate to the CalHome Program Loan are allowed provided the combined loan-to-value ratio does not exceed 100 percent of the sales price plus a maximum of up to five percent of the sales price to cover actual non-recurring closing costs.

Subordinate financing loans shall defer all principal and interest payments for the term of the CalHome Program loan. No balloon payments are allowed prior to the maturity date of the CalHome loan.

Escrow Prohibitions

Cash transactions and oral agreements outside of escrow are prohibited. Cash out of escrow to the borrower is limited to the amount deposited into escrow by the borrower and not needed for any lender-required minimum down payment. Borrower costs "Paid Outside Closing" are not reimbursable with cash out of escrow.

**Eligible Properties
Maximum Sales Price**

Single family residences (including condominiums and half-plexes) in eligible areas of the City and unincorporated County of Sacramento. The property must meet minimum housing quality standards. An Agency inspection will be required.

The maximum allowable sales price of the assisted unit cannot exceed the current median sales price of a single family home in Sacramento County as published by a real estate research company, such as DataQuick. The current median sales price for Sacramento County is \$245,000.

Eligible Areas

In the City of Sacramento, the CalHome Program is limited to properties located in "qualified census tracts".

In the County of Sacramento, the CalHome Program is available only within the unincorporated areas and is limited to properties located in "qualified census tracts". The program is not available in Citrus Heights, Elk Grove, Galt, Folsom, Isleton, or Rancho Cordova.

See below for the list of "qualified census tracts".

Qualified Census Tracts - City

The "qualified census tracts" are: 0005.00, 0006.00, 0007.00, 0011.01, 0018.00, 0020.00, 0022.00, 0027.00, 0028.00, 0032.02, 0032.03, 0032.04, 0037.00, 0041.00, 0042.02, 0042.03, 0043.00, 0044.01, 0044.02, 0045.01, 0045.02, 0046.01, 0048.01, 0048.02, 0049.03, 0049.05, 0050.02, 0052.01, 0052.05, 0053.01, 0055.02, 0055.05, 0062.02, 0063.00, 0064.00, 0065.00, 0066.00, 0067.02, 0068.00, 0070.01, 0070.19, 0074.13, 0092.01, 0096.06, 0096.33

**Qualified Census Tracts -
County**

The "qualified census tracts" are: 0044.01, 0044.02, 0045.01, 0045.02, 0046.01, 0046.02, 0047.01, 0048.01, 0048.02, 0050.02, 0052.05, 0055.02, 0055.05, 0055.06, 0055.09, 0056.01, 0056.05, 0061.01, 0062.01, 0062.02, 0070.19, 0073.01, 0074.13, 0074.14, 0074.23, 0074.24, 0081.33, 0091.05, 0091.10, 0092.01

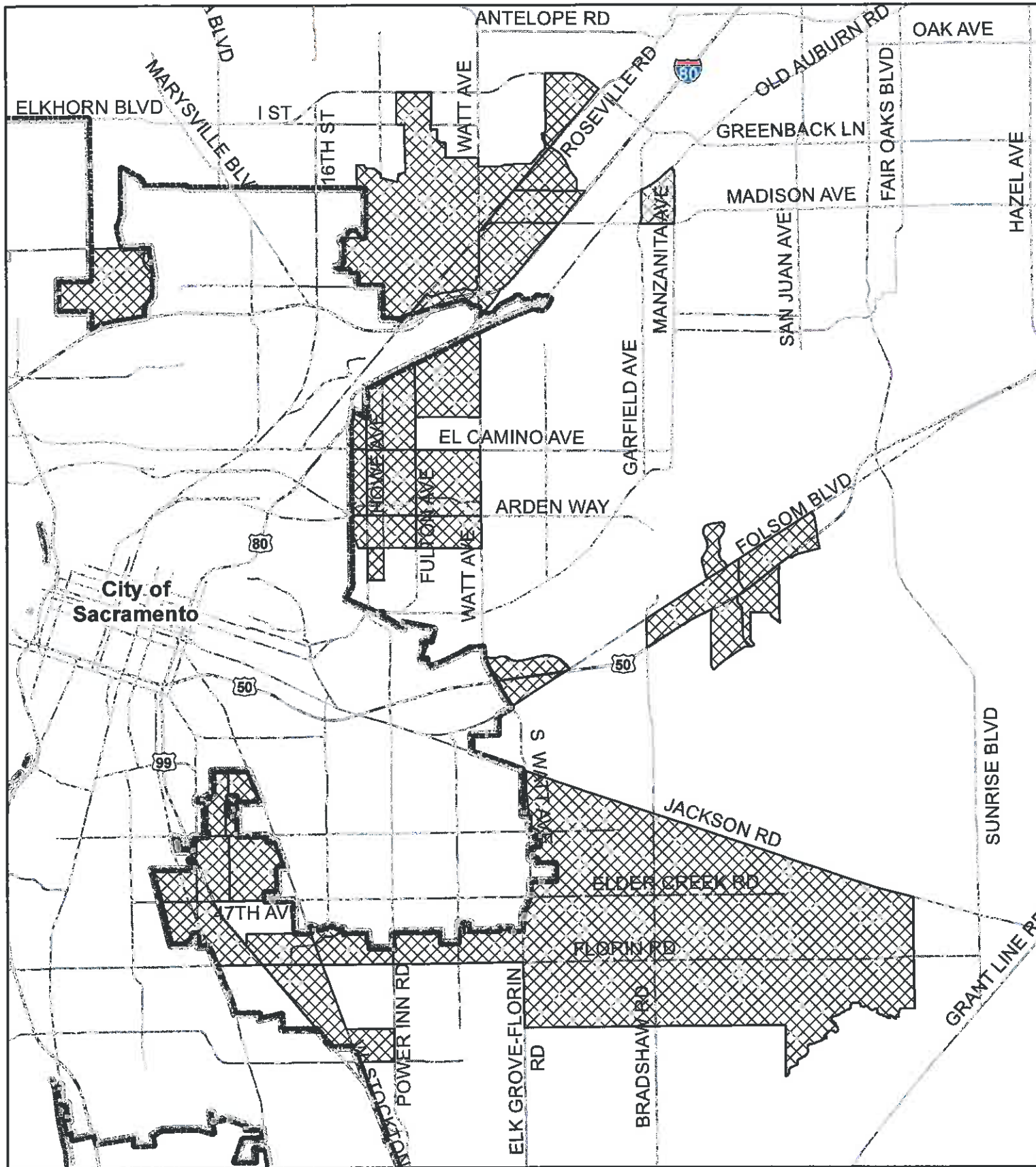
Repayment of CalHome Loan	Loans shall be repayable upon sale or transfer of the property, when the property ceases to be owner-occupied, or upon the CalHome Program Loan maturity date.
Hardship	<p>However, if it is determined by the recipient that repayment of the CalHome Program loan at the maturity date causes a hardship to the borrower, the borrower has two options:</p> <p>(A) Amending the note and deed of trust to defer repayment of the amount due at loan maturity, that is the original principal and the accrued interest, for up to an additional 30 years (at zero percent additional interest), this may be offered one time, or</p> <p>(B) Converting the debt at loan maturity, that is the original principal balance and any accrued interest, to an amortized loan, repayable in 15 years at zero percent additional interest.</p>
Refinancing	Refinancing may be allowed subject to the provisions of the Agency loan servicing /subordination policy. In general, "cash out" refinancing is prohibited by Agency policy.
Reuse Account	When CalHome loans are repaid, the funds are deposited into a "CalHome Reuse Account". Loans funded from this reuse account will conform to the current Agency CalHome Program guidelines.
Homebuyer Education	<p>All CalHome homebuyers must attend an in-person 8 hour HUD approved course of homebuyer education classes. The homebuyer education requirement may be met by taking the following classes:</p> <p>Sacramento Home Loan Counseling Center</p> <ul style="list-style-type: none"> • Course 1 –The Home Buying Process • Course 2 – Credit & Money Management • Course 3 - Home Maintenance/Good Neighbor; OR <p>NeighborWorks Homeownership Center – Sacramento or Stockton offices</p> <ul style="list-style-type: none"> • Preparing for Homeownership – 8 hour course
Application Procedures	To apply for the program, please contact any of the lenders on the Agency Approved Lender List. For additional information or questions call (916) 440-1393, or visit our web site at www.shra.org .





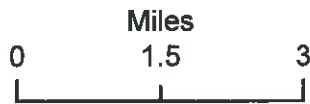
Equal Housing Opportunity



CalHome Target Area - County



-  Sacramento County
-  CalHome Census Tract 2010 - County



RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF
June 4, 2014

AUTHORIZATION FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO APPLY FOR, ACCEPT, AND ADMINISTER THE CALHOME PROGRAM IN THE NAME OF AND ON BEHALF OF THE CITY AND THE COUNTY OF SACRAMENTO; ADOPTION OF CALHOME GUIDELINES; RELATED BUDGET AMENDMENT; ENVIRONMENTAL FINDINGS

WHEREAS, the City of Sacramento and County of Sacramento, political subdivisions of the State of California, wish to apply for and receive an allocation of funds through the CalHome Program; and

WHEREAS, the California Department of Housing and Community Development (“HCD”) has issued a Notice of Funding Availability (“NOFA”) for the CalHome Program established by Chapter 84, Statutes of 2000 (SB1656 Alarcon), and codified in Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the Health and Safety Code (the “statute”). Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome Program, subject to the terms and conditions of the statute and the CalHome Program Regulations adopted by HCD in April 2004; and

WHEREAS, the City and the County, by its agent, the Sacramento Housing and Redevelopment Agency, (“Agency”) each wish to submit an application to obtain from HCD an allocation of CalHome funds in the amount of \$1,500,000; and

WHEREAS, the proposed action is approval of Agency’s submission of an application for funds to be used under the statutory requirements of the CalHome Program to provide purchasing assistance to low-income home buyers for purchase of single family homes which have previously been constructed or are in projects that have already been reviewed under CEQA, approved, and are under construction. The action does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project under CEQA per Guidelines Section 15378(b) (4). The National Environmental Policy Act (NEPA) does not apply.

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. All evidence presented having been duly considered, the above recitals, including the environmental recitals, are found to be true and correct.

Section 2. Upon delegation of appropriate authority from the City and the County and on behalf of and in the name of the City and the County, the Executive Director, or her designee, is authorized and directed to submit an application to HCD to participate in the CalHome Program in response to the NOFA issued on April 29, 2014, which will request a funding allocation for the City of Sacramento and for the County of Sacramento in targeted areas as described in the staff reports for the following eligible activity in each jurisdiction:

- First-Time Homebuyer Mortgage Assistance \$1,500,000

Section 3. If the applications for funding are approved, the Executive Director is, thereafter, authorized to receive funding from HCD in the amount of \$1,500,000 for each jurisdiction on behalf of and in the name of the Agency and the City and the County and to administer CalHome funds for eligible activities in the manner presented in the applications as approved by HCD and in accordance with program regulations cited above.

Section 4. If the applications for funding are approved, the Executive Director of the Agency, or her designee, shall execute, on behalf of the City and the County and in the name of the City and the County as HCD requires, the application, the Standard Agreement, and any and all other documents necessary or required by HCD for participation in the CalHome Program, as currently established in the applicable law and regulations, and any amendments thereto.

Section 5. The CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines as described in attachments to the staff reports are adopted. The Executive Director of the Agency is obligated to comply with these Guidelines in administration of the CalHome Program funding on behalf of the City and the County, and the Executive Director of the Agency may make technical changes to these Guidelines as necessary for program implementation in compliance with the applicable laws and regulations.

Section 6. If the application for funding is approved, the Agency's Budget is hereby amended to incorporate the CalHome funding of up to \$1,500,000 in both the City and the County for the First-Time Homebuyer Mortgage Assistance Program.

CHAIR

ATTEST:

CLERK

June 4, 2014



Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT Update to Agency Schedule of Fees and Charges

RECOMMENDATION

Staff recommends adoption of the attached resolution which authorizes the Executive Director or her designee to revise and update Sacramento Housing and Redevelopment Agency (Agency) Schedule of Fees and Charges

CONTACT PERSONS

Karen Wallace, Regional Manager, 916-449-6223
MaryLiz Paulson, Assistant Director, 916-440-1334

SUMMARY

This report recommends additions and revisions to the standard Schedule of Fees and Charges for various Agency activities and services. The proposed Schedule of Fees and Charges is intended to recover the actual costs incurred for materials and services performed.

BACKGROUND

The Agency first implemented a Schedule of Fees and Charges ("Schedule") in 1983. The Schedule has been revised in subsequent years to reflect additions, deletions, and increases to the prior schedule. It is now necessary to revise the current schedule to reflect needed adjustments. The Schedule was last updated in October 2011.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and Redevelopment Commission
June 4, 2014
Page 2

FINANCIAL CONSIDERATIONS

The proposed changes will have a minor positive financial impact on the Agency. The primary purpose of the proposed actions is to:

- identify fees to potential users of Agency Services;
- standardize fees as much as possible; and
- charge fees to cover the cost of providing services

The fees and charges are intended solely to recover the Agency's actual cost in providing services. There is no change to the adopted budget.

POLICY CONSIDERATIONS

There are no policy changes recommended in this report.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a project under the California Environmental Quality Act (CEQA) per Guidelines Sections 15378(b)(2) and (4), government funding mechanism, or a federal undertaking under the National Environmental Policy Act (NEPA).

M/WBE AND SECTION 3 CONSIDERATIONS

The items discussed in this report do not involve federal funding; therefore, M/WBE and Section 3 requirements considerations do not apply.

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Table of Contents

1. Resolution
2. Updated Agency Fees and Charges Schedule

RESOLUTION NO. SHRC-

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF

June 4, 2014

2014 AGENCY FEES AND CHARGES SCHEDULE

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1: The actions authorized by this resolution do not constitute a project under the California Environmental Quality Act (CEQA) per Guidelines Sections 15378(b)(2) and (4), government funding mechanism, or a federal undertaking under the National Environmental Policy Act (NEPA).

Section 2: The Fees and Charges Schedule for the Sacramento Housing and Redevelopment Agency as set forth on Attachment 2 is hereby approved.

Section 3: All prior Agency fees and Charges Schedules are rescinded and are replaced in fully by this resolution. Additional or expanded authorities of the Agency to charge fees with respect to specific programs or activities are not rescinded by this resolution and remain in full force and effect.

Section 4: The Executive Director or her designee, is authorized to implement the 2014 Schedule of Fees and Charges as set forth on Attachment 2 and distribute the Fees and Charges Schedule to users of Agency services.

CHAIR

ATTEST:

CLERK

SHRA

SCHEDULE OF FEES AND CHARGES

Effective Date – September 1, 2014

Charging Department	Activity	Current Rate	New/Existing Rate
All Agency	Reproduction - Agency Employees	\$.25	\$.10 per copy
	Reproduction - Outside Agency	\$.25	\$.10 per copy
	Personal Fax Transmissions	\$.25	\$.10 per incoming page
	Personal Fax Transmissions	\$.75	\$.75 per outgoing page
Housing and Community Development	Good Faith Deposit/Option Fees	No Change	No set deposit; 10% recommended for disposition and development agreements (DDA's); Agency keeps if other party does not perform
	Facade Grant Program Application Fee	No Change	\$100 one-time non-refundable
	Commercial Loan Processing Fee	No Change	\$100 per loan application
	Loan Late Fee	No Change	5% of monthly payment if payment not made within 15 days after payment due date
	Industrial Development Bond Local Fee (through Bonds for Industry Agreement)	No Change	25 basis points at bond closing
	Mortgage Revenue Bond Issuance Fee	No Change	Fee of 25 basis points of the total bond issuance amount at bond closing for new issuances and/or re-fundings.
	Multi-Family Loan and Mortgage Revenue Bond Application /fee	No Change	\$5,000 for loan and 12,500 Mortgage Revenue Bonds
	Foreclosure Access Program	New Charge	\$1000 Annual Participation Fee Per property fee -- 1% of initial purchase price and 1% of resale price.
Finance	Returned Checks	No Change	\$15 per check
	Taxpayer Identification Number (TIN)	\$50	\$100 per incorrect TIN resulting in payment of penalty to IRS.
Housing Choice Voucher (HCV)	Admin fee charges for tax levies imposed on Owners/Vendors' payments	No Change	\$20 per \$1000 of each levy. Levies with amount less than \$1000 will be charged an admin fee of \$20.
Housing Maintenance	See List - Attached Below	No Change	Fixed charges for specific items and/or material and labor costs in accordance with attached list.

Charging Department	Activity	Current Rate	New/Existing Rate
Housing Management	Security Deposits	No Change	Greater of \$250 or one month's rent per unit.
	Pet Security Deposit – Dogs and Cats	Family deposits \$200	Medically Certified Companion/ Service Animal: No Charge. Elderly/Disabled and all other families \$250.00 per pet.
	Missed PHA Contractor Trip Charge	No Change	All Contractor and/or Vendor actual trip charge for missed appointments that were scheduled.
	Legal Fees	No Change	All costs associated with lease enforcement or eviction will be determined by actual cost to the agency. Fees will be determined by the contract and the court.
	Folding Clothes Line	No Change	\$30.00
	Smoke/CO Detector - Tampering	No Change	\$50.00
	Late Fees	No Change	\$20.00
Legal	Assignments of OPAs or DDAs after adoption. Legal review of subordination agreement following project completion.	No Change	\$1,000 minimum legal service fee and \$200 per hour exceeding 15 hours.
	Amendments or Modifications to OPAs or DDAs after adoption	No Change	\$1,500 minimum legal service fee, \$200 per hour exceeding 20 hours.
	Coordination of NEPA review for HUD grants to nonprofits	\$850 minimum environmental coordination fee and all third party costs associated with the review.	\$1200 minimum environmental coordination fee and all third party costs associated with the review
	Authorized legal review and work for other agencies.	New Charge	\$165 per hour.
Homeownership Services	Plan Deposits	No Change	\$35 each - refundable within 10 days after bid date
	Termite, Appraisal and Title	No Change	Actual Cost of Vendor
	Loan Fee – Rehab	No Change	1 1/4 % of loan amount for owner occupied.
	Loan Set-up Fee – Amortized Loan Set-up Fee – Deferred	No Change	\$25- plus \$75 for tax monitoring
	Mortgage Credit Certificate Lender Participation Fee	No Change	\$350 Initial Application Fee
	Mortgage Credit Certificate Program Application Fee	\$250	\$350 non-refundable
	Reissued MCC Application Fee	\$250	\$300
	Mortgage Credit Certificate Extension	No Change	\$50 for 30 days
	Lender Participation Fee Renewal	No Change	\$300
	Homebuyer Application Fee	No Change	\$75 per program
	BEGIN Commitment Fee (Developer)	No Change	2% of the total BEGIN funds to be allocated to a project

Charging Department	Activity	Current Rate	New/Existing Rate
Homeownership Design and Construction	BEGIN Program Fee	No Change	2.5% the BEGIN loan amount to a maximum of \$1,250
Portfolio Management	Subordination processing fee	\$250	\$300
	Subordination Redraw Fee	\$0	\$100
	Demand statement preparation fee	No Change	\$35
	Demand statement fax fee (if required)	No Change	\$20
	Demand update fee (if required)	No Change	\$20
	Reconveyance fee	No Change	\$45
	Recording fee	\$19	per County Recorder fee schedule
	HQS Re-inspection fee	No Change	\$200
	Compliance Monitoring – Non Financed Projects	No Change	\$900 initial fee + \$28.00 per inspected unit/year.
	Assignment/Assumption Processing Fee - Multifamily	No Change	\$500 plus recording fees and appraisal charges
	Loan Late Fee	No Change	5% of monthly payment if payment not made within 15 days after payment due date
	Annual Multi-Family Administration Fee	No Change	Fee of 15 basis points of the original bond amount for the longer of the life of the bonds or bond regulatory agreement, paid in advance, semi-annually.
Annual Multi-Family Loan Administration Fee	No Change	Fee of 15 basis points of the original loan amount for the longer of the life of the loan or loan regulatory agreement, paid in advance, semi-annually.	
Agency Clerk	Agenda Packets - Outside Agency	No Change	\$600 per year
	Tape Cassette, CD Reproduction or USB flash drive	No Change	\$15
Facility Use	Non-resident group area of Community Room	No Change	Security Deposit \$50 (refundable cleaning deposit) Basic charge - \$5 per hour
	Riverview Plaza Meeting Room Rental	No Change	Security Deposit \$50 First Hour \$40 Each Additional Hour \$30

	HOUSING MAINTENANCE CHARGES	Labor Charge (Per Each)	2012		2014	
			Material Charge (Per Each)	Current Rate	Material Charge (Per Each)	Proposed Rate
Appliances & Accessories						
1	Freezer Door Gasket	\$ 19.80	\$ 23.39	\$ 43.19	\$ 48.15	\$ 67.95
2	Hood Fan Assembly	\$ 9.90	N/A	N/A	\$ 31.55	\$ 41.45
3	Hood Fan Filter	\$ 9.90	\$ 5.15	\$ 15.05	\$ 12.46	\$ 22.36
4	Oven Door (varying depending on make/size)	\$ 9.90	\$ 83.23	\$ 93.13		
5	Oven Door Handle	\$ 9.90	\$ 3.82	\$ 13.72	\$ 23.72	\$ 33.62
6	Range Burner, Electric	\$ 9.90	\$ 6.98	\$ 16.88	\$ 13.30	\$ 23.20
7	Range, Elec. Broiler Pan, Replace	\$ 3.30	\$ 26.00	\$ 26.00	\$ 19.40	\$ 22.70
8	Range, Gas Broiler Pan, Replace	\$ 3.30	\$ 16.14	\$ 16.14	\$ 11.46	\$ 14.76
9	Range Burner, Gas	\$ 9.90	\$ 10.66	\$ 20.56	\$ 39.96	\$ 49.86
10	Range, Clean	\$ 79.20	-	\$ 79.20	-	\$ 79.20
11	Range Hood, 30", Replace	\$ 39.60	\$ 37.00	\$ 76.50	\$ 56.50	\$ 96.10
12	Range Hood, 36", Replace	\$ 39.60	\$ 42.00	\$ 81.60	\$ 51.35	\$ 90.95
13	Range Hood, 42", Replace	\$ 39.60	\$ 67.00	\$ 106.60	\$ 78.00	\$ 117.60
14	Range, Inf. Switch	\$ 9.90	\$ 17.11	\$ 27.01	\$ 23.25	\$ 33.15
15	Range, Knobs	\$ 3.30	\$ 4.71	\$ 8.01	\$ 2.40	\$ 5.70
16	Range, Oven Rack 20"	\$ 3.30	\$ 15.00	\$ 15.00	\$ 28.12	\$ 31.42
17	Range, Oven Rack 30"	\$ 3.30	\$ 20.00	\$ 20.00	\$ 37.99	\$ 41.29
18	Range, Oven Control, Gas	\$ 19.80	\$ 18.11	\$ 37.91	\$ 78.53	\$ 98.33
19	Range, Oven Control, Electric	\$ 19.80	\$ 29.84	\$ 49.64	\$ 90.00	\$ 109.80
20	Range, Replace Electric 20"	\$ 39.60	\$ 248.18	\$ 287.78	\$ 335.00	\$ 374.60
21	Range, Replace, Electric 30"	\$ 39.60	\$ 276.70	\$ 316.30	\$ 350.00	\$ 389.60
22	Range, Replace, Gas 20"	\$ 39.60	\$ 232.74	\$ 272.34	\$ 330.00	\$ 369.60
23	Range, Replace, Gas 30"	\$ 39.60	\$ 265.40	\$ 305.00	\$ 330.00	\$ 369.60
24	Range, Stove-top Grate	\$ 3.30	\$ 6.18	\$ 6.18	\$ 22.92	\$ 26.22
25	Refrigerator, Replace (All Sizes)	\$ 19.80	\$ 362.06	\$ 381.86	\$ 430.00	\$ 449.80
26	Refrigerator, Clean	\$ 79.20	-	\$ 79.20	-	\$ 79.20
27	Refrigerator, Crisper	\$ 3.30	\$ 32.78	\$ 32.78	\$ 59.40	\$ 62.70
28	Refrigerator, Crisper Cover	\$ 3.30	\$ 30.88	\$ 30.88	\$ 67.05	\$ 70.35
29	Refrigerator, Gasket	\$ 39.60	\$ 25.77	\$ 65.37	\$ 48.15	\$ 87.75
30	Refrigerator, Shelf Front	\$ 6.60	\$ 9.68	\$ 16.28	\$ 49.98	\$ 56.58
31	Refrigerator, Door Liner	\$ 39.60	\$ 46.36	\$ 85.96	\$ 16.90	\$ 56.50
32	Top Burner, Grate / Gas - Replace	\$ 20.00	\$ 18.00	\$ 38.00	\$ 22.92	\$ 42.92
Bath Accessories						
33	Medicine Cabinet Shelf	\$ 3.30	\$ 2.66	\$ 2.66	\$ 4.08	\$ 7.38
34	Medicine Cabinet/Complete	\$ 19.80	\$ 33.66	\$ 53.46	\$ 38.99	\$ 58.79
35	Toilet Paper Holder, Replace	\$ 9.90	\$ 2.08	\$ 11.98	\$ 5.09	\$ 14.99
36	Toilet Paper Spindle, Replace	\$ 3.30	\$ 0.38	\$ 0.38	\$ 0.40	\$ 3.70

	HOUSING MAINTENANCE CHARGES	Labor Charge (Per Each)	2012		2014	
			Material Charge (Per Each)	Current Rate	Material Charge (Per Each)	Proposed Rate
37	Toilet Seat (Elongated)	\$ 9.90	\$ 20.00	\$ 29.90	\$ 15.99	\$ 25.89
38	Toilet Seat (Regular)	\$ 9.90	\$ 11.62	\$ 21.52	\$ 8.99	\$ 18.89
39	Toilet Tank Lid, Replace	\$ 9.90	\$ 24.35	\$ 34.25	\$ 17.99	\$ 27.89
40	Tub/Shower Stopper (Fit-all)	\$ 3.30	\$ 1.00	\$ 1.00	\$ 0.64	\$ 3.94
41	Tub/Shower (toe-stopper)	\$ 3.30	\$ 15.00	\$ 15.00	\$ 2.19	\$ 5.49
42	Towel Bar, Replace	\$ 9.90	\$ 6.32	\$ 16.22	\$ 2.69	\$ 12.59
43	Tub/Shower Curtain Rod, Replace	\$ 6.60	\$ 5.24	\$ 11.84	\$ 3.00	\$ 9.60
Carpentry						
44	Banister (price per linear foot)	\$ 20.00	\$ 2.99/ft	N/A	\$ 3.84	\$ 23.84
45	Baseboard 2 3/8 Reversible (per sq foot)	\$ 20.00	\$ 52/ft	N/A	\$ 0.85	\$ 20.85
46	Breadboard, Replace	\$ 6.60	\$ 32.21	\$ 38.81	\$ 22.99	\$ 29.59
47	Bi-fold / Bi-pass Door, Set	\$ 59.40	\$ 100.00	\$ 159.40	\$ 57.99	\$ 117.39
48	Cabinet Drawer Track	\$ 19.80	\$ 2.74	\$ 22.54	\$ 5.59	\$ 25.39
49	Cabinet Drawer, Replace	\$ 39.60	\$ 20.00	\$ 59.60	\$ 23.99	\$ 63.59
50	Cabinet, Vanity Replace	\$ 39.60	\$ 75.00	\$ 114.60	\$ 14.99	\$ 54.59
51	Closet Bi-Pass Floor Guides	\$ 9.90	\$ 0.51	\$ 10.41	\$ 0.82	\$ 10.72
52	Closet Pole Center Support Bracket	\$ 9.90	\$ 12.00	\$ 21.90	\$ 3.79	\$ 13.69
53	Closet Pole End Brackets	\$ 9.90	\$ 0.24	\$ 10.14	\$ 0.24	\$ 10.14
54	Door Bumpers, Common Replace	\$ 3.30	\$ 0.67	\$ 3.97	\$ 1.00	\$ 4.30
55	Door Casing (per stick) *	\$ 59.60	\$ 10.00	\$ 69.60	\$ 7.99	\$ 67.59
56	Door Jamb / Repair	\$ 39.60	\$ 10.00	\$ 49.60	\$ 39.99	\$ 79.59
57	Door Viewer (Replace)	\$ 6.60	\$ 2.74	\$ 9.34	\$ 7.69	\$ 14.29
58	Door-Metal, Replacement *	\$ 143.80	\$ 56.91	\$ 200.71	\$ 109.00	\$ 252.80
59	Door-Wood, Interior HC *	\$ 143.80	\$ 24.73	\$ 168.53	\$ 26.99	\$ 170.79
60	Door, Pocket HC, Replace *	\$ 118.80	\$ 24.73	\$ 143.53	\$ 39.49	\$ 158.29
61	Door, Weather stripping	\$ 19.80	\$ 15.00	\$ 34.80	\$ 9.00	\$ 28.80
Electrical & lighting						
62	Electric Outlet Cover	\$ 3.30	\$ 0.30	\$ 3.60	\$ 0.35	\$ 3.65
63	Electric Switch Cover	\$ 3.30	\$ 0.26	\$ 3.56	\$ 0.28	\$ 3.58
64	Light Bulb / Appliances	\$ 3.30	\$ 0.65	\$ 3.95	\$ 0.95	\$ 4.25
65	Lamp (Light Bulb), Replace (60 watt)	\$ 3.30	\$ 0.22	\$ 3.52	\$ 3.00	\$ 6.30
66	Light Bulb / 2' T-12	\$ 3.30	\$ 1.02	\$ 4.32	\$ 3.85	\$ 7.15
67	Light Bulb / 2' T-8	\$ 3.30	\$ 3.33	\$ 6.63	\$ 4.45	\$ 7.75
68	Light Bulb / 4' T-12	\$ 3.30	\$ 0.76	\$ 4.06	\$ 2.05	\$ 5.35
69	Light Bulb / 4' T-8	\$ 3.30	\$ 1.33	\$ 4.63	\$ 2.40	\$ 5.70
70	Light Bulb / 6" Circeline	\$ 3.30	\$ 1.43	\$ 4.73	\$ 3.99	\$ 7.29
71	Light Bulb / 8" Circeline	\$ 3.30	\$ 2.64	\$ 5.94	\$ 4.99	\$ 8.29
72	Light Bulb / 12" Circeline	\$ 3.30	\$ 3.11	\$ 6.41	\$ 5.50	\$ 8.80
73	Light Bulb, 28 watt quad	\$ 3.30	\$ 5.34	\$ 8.64	\$ 12.99	\$ 16.29

	HOUSING MAINTENANCE CHARGES	Labor Charge (Per Each)	2012		2014	
			Material Charge (Per Each)	Current Rate	Material Charge (Per Each)	Proposed Rate
74	Light Diffuser, Circline	\$ 3.30	\$ 11.82	\$ 15.12	\$ 18.69	\$ 21.99
75	Light Diffuser, Glass Drum	\$ 3.30	\$ 6.96	\$ 10.26	\$ 14.67	\$ 17.97
76	Light Diffuser, 4 ft.	\$ 3.30	\$ 20.83	\$ 24.13	\$ 19.88	\$ 23.18
77	Light Diffuser, Exterior Porch	\$ 3.30	\$ 4.51	\$ 7.81	\$ 7.07	\$ 10.37
78	Light Fixture, 2' or 4' bulb flourescent	\$ 39.60	\$ 64.25	\$ 103.85	\$ 71.96	\$ 111.56
79	Light Fixture, Circline	\$ 19.80	\$ 25.67	\$ 45.47	\$ 49.95	\$ 69.75
80	Light Fixture, Emergency Exit	\$ 39.60	\$ 127.74	\$ 167.34	\$ 56.75	\$ 96.35
81	Light Fixture, exterior wall pack	\$ 39.60	\$ 145.75	\$ 185.35	\$ 22.49	\$ 62.09
82	Porch Light Shade / Plastic	\$ 3.30	\$ 5.37	\$ 8.67	\$ 20.69	\$ 23.99
83	Porch Light Shade / Glass	\$ 3.30	\$ 4.82	\$ 8.12	\$ 22.97	\$ 26.27
84	Receptacle, Replace: 110 basic	\$ 19.80	\$ 1.15	\$ 20.95	\$ 0.35	\$ 21.30
85	Receptacle, Replace: GFI	\$ 19.80	\$ 18.26	\$ 38.06	\$ 14.99	\$ 34.79
86	Receptacle, Replace: Appliance	\$ 39.60	\$ 10.58	\$ 50.18	\$ 4.39	\$ 43.99
87	Smoke Detector, Replace	\$ 9.90	\$ 12.92	\$ 22.82	\$ 12.99	\$ 22.89
88	Carbon Dioxide/Smoke Detector	\$ 9.90	N/A	-	\$ 59.99	\$ 69.89
89	120 Volt Smoke Detector	\$ 9.90	N/A	-	\$ 29.95	\$ 39.85
90	Battery Smoke Detector	\$ 9.90	N/A	-	\$ 24.99	\$ 34.89
91	Switch, Replace	\$ 9.90	\$ 1.08	\$ 10.98	\$ 5.99	\$ 15.89
92	Splitter / TV	\$ 6.60	\$ 3.00	\$ 9.60	\$ 2.20	\$ 8.80
93	Telephone, Jack Replacement	\$ 9.90	\$ 4.00	\$ 13.90	\$ 1.40	\$ 11.30
Floor coverings & accessories						
94	Floor Tile, Replace 12" x 12" (Each)	\$ 6.60	\$ 1.40	\$ 8.00	\$ 3.45	\$ 10.05
95	Carpet/glue down (actual cost or prorate)		N/A	N/A	\$ 18.00	\$ 18.00
96	Carpetw/pad (actual cost or prorate)		N/A	N/A	\$ 22.00	\$ 22.00
97	2 1/2 " or 4" Base / Per foot	\$ 6.60	\$ 4.60	\$ 11.20	\$ 2.00	\$ 8.60
Glazing & Hardware						
98	Patio Sliding Door Handle	\$ 9.90	\$ 16.71	\$ 26.61	\$ 14.99	\$ 24.89
99	Patio Sliding Door Latch	\$ 9.90	\$ 8.10	\$ 18.00	\$ 8.89	\$ 18.79
100	Window Board up/Clean up	\$ 39.60	N/A	\$ 69.60	-	\$ 39.60
101	Window Glass 20" X 20" / single pane	\$ 85.00	N/A	\$ 48.10	\$ 8.91	\$ 93.91
102	Window Glass 24" X 24" / single pane	\$ 85.00	N/A	\$ 51.60	\$ 12.10	\$ 97.10
103	Window Glass 24" X 60" / single pane	\$ 85.00	N/A	\$ 82.70	\$ 44.85	\$ 129.85
104	Window Glass 36" X 36" / single pane	\$ 85.00	N/A	\$ 72.08	\$ 31.33	\$ 116.33
105	Window Glass 36" X 60" / single pane	\$ 85.00	N/A	\$ 94.59	\$ 64.22	\$ 149.22
106	Window Glass 50" X 50" / single pane	\$ 85.00	N/A	\$ 109.34	\$ 111.17	\$ 196.17
107	Window Glass 20" X 20" / dual pane	\$ 115.00	N/A	-	\$ 32.10	\$ 147.10
108	Window Glass 24" X 24" / dual pane	\$ 115.00	N/A	-	\$ 42.80	\$ 157.80
109	Window Glass 24" X 60" / dual pane	\$ 115.00	N/A	-	\$ 107.00	\$ 222.00
110	Window Glass 36" X 36" / dual pane	\$ 115.00	N/A	-	\$ 96.30	\$ 211.30

	HOUSING MAINTENANCE CHARGES	Labor Charge (Per Each)	2012		2014	
			Material Charge (Per Each)	Current Rate	Material Charge (Per Each)	Proposed Rate
111	Window Glass 36" X 60" / dual pane	\$ 115.00	N/A	-	\$ 160.50	\$ 275.50
112	Window Glass 50" X 50" / dual pane	\$ 175.00	N/A	-	\$ 256.44	\$ 431.44
113	Window Glass 20" X 20" / screen	\$ 19.80	N/A	-	\$ 20.00	\$ 39.80
114	Window Glass 24" X 24" / screen	\$ 19.80	N/A	-	\$ 20.00	\$ 39.80
115	Window Glass 24" X 60" / screen	\$ 19.80	N/A	-	\$ 25.00	\$ 44.80
116	Window Glass 36" X 36" / screen	\$ 19.80	N/A	-	\$ 20.00	\$ 39.80
117	Window Glass 36" X 60" / screen	\$ 19.80	N/A	-	\$ 37.50	\$ 57.30
118	Window Glass 50" X 50" / screen	\$ 19.80	N/A	-	\$ 43.40	\$ 63.20
119	Window Lock, Casement	\$ 9.90	\$ 4.06	\$ 13.96	\$ 6.39	\$ 16.29
120	Window Operator, Casement	\$ 19.80	\$ 8.30	\$ 28.10	\$ 6.39	\$ 26.19
Heating & Air						
121	A/C Thermostat	\$ 6.60	\$ 20.06	\$ 26.66	\$ 17.28	\$ 23.88
122	Furnace, Thermostat	\$ 6.60	\$ 20.06	\$ 26.66	\$ 21.58	\$ 28.18
123	Exhaust Fan Cover	\$ 3.30	\$ 7.01	\$ 10.31	\$ 6.99	\$ 10.29
Locks, keys and hardware						
124	Eviction Lockout	\$ 9.90	-	\$ 9.90	-	\$ 9.90
125	Combo Lock Repair	\$ 19.80	-	\$ 19.80	-	\$ 19.80
126	Combo Lock Replace	\$ 19.80	\$ 68.84	\$ 88.64	\$ 75.63	\$ 95.43
127	Deadbolt, Replace	\$ 19.80	\$ 23.61	\$ 43.41	\$ 15.49	\$ 35.29
128	Door Lever knobset (interior)	\$ 9.90	\$ 18.67	\$ 28.57	\$ 10.99	\$ 20.89
129	Door Standard knobset (interior)	\$ 9.90	\$ 9.00	\$ 18.90	\$ 9.99	\$ 19.89
130	Drawer Pulls	\$ 3.30	\$ 0.99	\$ 4.29	\$ 5.99	\$ 9.29
131	Gate Hinge	\$ 19.80	\$ 5.28	\$ 25.08	\$ 5.28	\$ 25.08
132	Gate Latch	\$ 9.90	\$ 2.68	\$ 12.58	\$ 4.69	\$ 14.59
133	Garage OH Door Handle	\$ 19.80	\$ 6.86	\$ 26.66	\$ 10.79	\$ 30.59
134	Garage Door, Bolt Lock	\$ 19.80	\$ 3.97	\$ 23.77	\$ 18.59	\$ 38.39
135	Key (Best Replacement)	\$ 6.60	\$ 1.25	\$ 7.85	\$ 7.50	\$ 14.10
136	Key, (Unit Replacement)	\$ 6.60	\$ 0.50	\$ 7.10	\$ 0.50	\$ 7.10
137	Key, (Unit Replacement) (Delivered)	\$ 6.60	\$ 0.50	\$ 7.10	\$ 0.50	\$ 7.10
138	Lock, Install-a-Lock, wrap-around	\$ 19.80	\$ 11.97	\$ 31.77	\$ 12.50	\$ 32.30
139	Lock / Key in Knob / Entry	\$ 19.80	-	\$ 19.80	\$ 11.50	\$ 31.30
140	Lock Change (non-damaged lock)	\$ 19.80	\$ 2.50	\$ 22.30	\$ 25.00	\$ 44.80
141	Lockout After Regular Business Hours	\$ 83.16	-	\$ 83.16	-	\$ 83.16
142	Lockout During Regular Business Hours	\$ 79.20	-	\$ 79.20	-	\$ 79.20
143	Mailbox Lock Replace	\$ 9.90	\$ 5.42	\$ 15.32	\$ 6.89	\$ 16.79
144	Mechanical Door Chime	\$ 19.80	\$ 29.47	\$ 49.27	\$ 22.49	\$ 42.29
145	Privacy / Passage / Patio Locks, Replace	\$ 9.90	\$ 19.15	\$ 29.05	\$ 10.99	\$ 20.89
146	Store Room / Community Room Locks	\$ 19.80	\$ 76.00	\$ 95.80	\$ 76.00	\$ 95.80

	HOUSING MAINTENANCE CHARGES	Labor Charge (Per Each)	2012		2014	
			Material Charge (Per Each)	Current Rate	Material Charge (Per Each)	Proposed Rate
Paint & preparation						
147	Paint, int/ext Door, Stain finish	\$ 59.40	\$ 10.00	\$ 69.40	\$ 9.99	\$ 69.39
148	Paint, int/ext Door, Paint finish	\$ 39.60	\$ 10.00	\$ 49.60	\$ 9.99	\$ 49.59
Plumbing						
149	Basin Faucet, Replace	\$ 19.80	\$ 68.07	\$ 87.87	\$ 97.89	\$ 117.69
150	Basin Stopper	\$ 3.30	\$ 1.61	\$ 4.91	\$ 3.39	\$ 6.69
151	Basin, Replace	\$ 59.40	\$ 25.45	\$ 84.85	\$ 31.33	\$ 90.73
152	Basin, P-Trap, Replace	\$ 9.90	\$ 9.14	\$ 19.04	\$ 11.79	\$ 21.69
153	Basket Strainer (crumb cup)	\$ 3.30	\$ 0.94	\$ 0.94	\$ 2.29	\$ 5.59
154	Drain Stoppage, Tub / Shower	\$ 39.60	-	\$ 39.60	\$ -	\$ 39.60
155	Drain Stoppage, Sink	\$ 39.60	-	\$ 39.60	-	\$ 39.60
156	Flush Tank (Toilet)	\$ 39.60	\$ 33.41	\$ 73.01	\$ 16.99	\$ 56.59
157	Garbage Disposal Stopper	\$ 3.30	\$ 1.39	\$ 1.39	\$ 2.89	\$ 6.19
158	Garbage Disposal, Replace	\$ 39.60	\$ 56.61	\$ 96.21	\$ 69.99	\$ 109.59
159	Garbage Disposal, Splash Guard	\$ 9.90	\$ 2.69	\$ 12.59	\$ 2.59	\$ 12.49
160	Garbage Disposal, Stoppage	\$ 9.90	-	\$ 9.90	\$ 1.89	\$ 11.79
161	Gas Connector, Replace	\$ 19.80	\$ 6.15	\$ 25.95	\$ 13.04	\$ 32.84
162	Hand Held Shower Head (Wand Only)	\$ 9.90	\$ 8.69	\$ 18.59	\$ 21.19	\$ 31.09
163	Hose Bibs, Replace	\$ 19.80	\$ 3.48	\$ 23.28	\$ 6.09	\$ 25.89
164	Kitchen Faucet, Replace	\$ 19.80	\$ 60.00	\$ 79.80	\$ 36.39	\$ 56.19
165	Laundry Faucet, Replace	\$ 19.80	\$ 45.77	\$ 65.57	\$ 24.49	\$ 44.29
166	Lavatory	\$ 118.80	\$ 50.00	\$ 168.80	\$ 32.99	\$ 151.79
167	Toilet Bowl, Std. Only	\$ 39.60	\$ 33.40	\$ 73.00	\$ 50.99	\$ 90.59
168	Toilet Bowl, Elongated	\$ 39.60	\$ 91.59	\$ 131.19	\$ 129.26	\$ 168.86
169	Toilet Bowl, Low Style	\$ 39.60	\$ 50.10	\$ 89.70	\$ 60.00	\$ 99.60
170	Toilet Stoppage / Local	\$ 19.80	-	\$ 19.80	-	\$ 19.80
171	Toilet Standard, Replace	\$ 39.60	\$ 65.00	\$ 104.60	\$ 60.00	\$ 99.60
172	Shower Head	\$ 6.60	\$ 2.48	\$ 9.08	\$ 4.99	\$ 11.59
Window Coverings & Screens						
173	Screen Door Closer	\$ 9.90	\$ 7.98	\$ 17.88	\$ 10.99	\$ 20.89
174	Screen Door Grill 36" X 36"	\$ 9.90	\$ 9.43	\$ 19.33	\$ 19.99	\$ 29.89
175	Screen Door Kick Panel	\$ 39.60	\$ 6.45	\$ 46.05	\$ 19.99	\$ 59.59
176	Screen Door Latch	\$ 6.60	\$ 5.65	\$ 12.25	\$ 5.49	\$ 12.09
177	Screen Door / Passage	\$ 39.60	\$ 81.07	\$ 120.67	\$ 49.99	\$ 89.59
178	Screen Door, Storm Door, Replace	\$ 59.40	\$ 305.00	\$ 364.40	\$ 129.00	\$ 188.40
179	Screen Door / Std / Rescreen	\$ 39.60	\$ 5.00	\$ 44.60	\$ 45.99	\$ 85.59
180	Shower Door Kit / Towel Bar	\$ 9.90	\$ 18.04	\$ 27.94	\$ 20.85	\$ 30.75
181	Sliding Screen Door/Rescreen	\$ 9.90	\$ 5.00	\$ 14.90	\$ 12.95	\$ 22.85
182	Traverse Rod 28" X 48"	\$ 19.80	\$ 7.88	\$ 27.68	\$ 13.98	\$ 33.78

	HOUSING MAINTENANCE CHARGES	Labor Charge (Per Each)	2012		2014	
			Material Charge (Per Each)		Material Charge (Per Each)	Proposed Rate
183	Traverse Rod 48" X 84"	\$ 19.80	\$ 12.59	\$ 32.39	\$ 17.39	\$ 37.19
184	Traverse Rod 66" X 120"	\$ 19.80	\$ 14.42	\$ 34.22	\$ 17.39	\$ 37.19

Note: The material pricing resulted from a competitive process to obtain the lowest costs for our residents.

Explanation of Charges Not Covered

- 1) The adjusted rate in the Schedule of Fees and Charges does not reflect the trip charge. A trip charge will apply to all work determined to be resident caused. All resident requested repairs will also receive a trip charge when maintenance staff is denied access to the unit to complete the repairs. Trip charges will be \$15.00 during normal business hours and \$23.00 for after-hours and weekends.
- 2) All charges for repairs performed by vendors will be determined by actual cost.
- 3) Services not described in the Schedule of Fees and Charges will be charged \$39.60 per hour during normal, business hours and \$41.58 per hour for all after-hours work. Both rates are subject to a trip charge. Parts and materials costs are charged at actual cost.
- 4) An asterisk in the Schedule of Fees and Charges indicates that the charge is for more than one trade.

Proration & Calculations for Wearable Assets

A MINIMUM SERVICE CHARGE IS NOT APPLICABLE WHEN CALCULATING THE TERMINATION OF TENANCY CHARGES.

Paint:

Based on calculations to determine average painting contractor costs, the following are cost estimates of resident charges and pro-rates where the unit has sustained damages not associated with normal wear and tear.

<u>Size</u>	<u>Cost</u>	<u>Prorate per year</u>	<u>Size</u>	<u>Cost</u>	<u>Prorate per year</u>
1 Bedroom	\$600	\$200	4 Bedroom	\$1200	\$400
2 Bedroom	\$915	\$305	5 Bedroom	\$1350	\$450
3 Bedroom	\$1125	\$375			

Clean:

The Agency may deduct monies from the departing resident's security deposit to make the rental unit as clean as it was when the tenant moved in (Per Civil Code Section 1950.5 (b)(3)) and to cover where the unit has sustained damages not associated with normal wear and tear. The resident is charged based on actual services rendered. The average cost incurred by the Agency is as follows and when there are extraordinary conditions, additional charges will be assessed.

1 BR - \$225	4 BR - \$450
2 BR - \$275	5 BR - \$475
3 BR - \$350	

Carpets, Drapes & Other Furnishings:

Normal wear and tear includes simple wearing down of carpet and drapes because of normal use or aging, and includes moderate dirt or spotting. Large rips or indelible stains justify a deduction from the resident's security deposit for repairing the carpet or drapes, or replacing them if that is reasonably necessary. The method used in calculating the deduction for replacement will be to prorate the total cost of replacement charging the resident only for the remaining useful life of the item that the resident has damaged.



May 30, 2014

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT: Approval of Housing Authority and Agency Loan for Woodhaven Senior
Residence

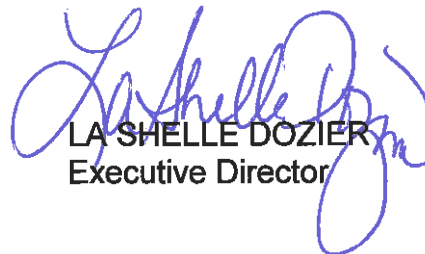
SUMMARY

The attached report is submitted to you for review and recommendation prior to
consideration by the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Attachment



**REPORT TO CITY COUNCIL AND
HOUSING AUTHORITY
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org**

**Staff Report
June 24, 2014**

**Honorable Mayor and Members of the City Council
Honorable Chair and Members of the Housing Authority Board**

Title: Approval of Housing Authority and Agency Loan for Woodhaven Senior Residence

Location/Council District: 3731 Rio Linda Blvd, Council District 2

Issue: Woodhaven Senior Residence (Project) is an existing 104-unit senior, affordable housing complex in need of rehabilitation. This report recommends the approval of construction and permanent financing to renovate the project.

Recommendation: Adopt 1) a **City Council Resolution** authorizing the Sacramento Housing and Redevelopment Agency (Agency) to: a) approve and allocate \$1,674,673 in City Home Investment Partnership Program (HOME) Funds to the Project, b) execute a Loan Commitment Letter with John Stewart Company c) execute all necessary documents associated with the transaction, and d) amend the Agency budget and e) make related findings. 2) a **Housing Authority Resolution** authorizing the Agency to: a) amend the Agency budget to defund City Housing Authority Low Mod Funds as follows: \$400,000 from the Riverfront Housing Initiative, \$1,015,116 from the Township 9 project, \$205,796 from the Maydestone Building project, \$162,478 from the Morrison Creek Estates project, \$820,564 from the Housing Development Assistance project, \$163,984 from the Housing Asset Management, b) amend the Agency budget to allocate \$2,767,938 of City Housing Authority Low Mod Funds to the Woodhaven Senior Residence project, c) approve and authorize the Executive Director to execute and transmit the Loan Commitment Letter to the John Stewart Company, d) restructure the outstanding loan and current obligations of the John Stewart Company, release outdated loan restrictions, and subordinate the existing loan, and d) make related findings.

Contact: Tyrone Williams, Director, Development 440-1316, Christine Weichert, Assistant Director, Development, 440-1353

Presenter: Christine Weichert, Assistant Director

Department: Sacramento Housing and Redevelopment Agency (Agency)

Approval of Housing Authority and Agency Loan for Woodhaven Senior Residence

Description/Analysis

Issue: The Woodhaven Senior Residence (Project) is an affordable multifamily complex owned by the John Stewart Company (Developer). The property is located on approximately 4.4 acres at 3731 Rio Linda Blvd in Sacramento's Del Paso Heights neighborhood. The Project was partially built in 1986 and finished in 1990 after a foreclosure on the original developer. There are a total of 104 one-bedroom units comprised of five two-story wood frame residential buildings, one single-story leasing/community building, and one single-story construction maintenance building. Four of the two-story buildings contain 20 units each and the fifth two story building contains 24 units. The Project currently has an existing Agency loan of \$500,000 plus accrued interest. The Developer is requesting a new loan to rehabilitate the property, to restructure debt, and to assign the new loan to a limited partnership formed by the John Stewart Company. A vicinity map is included as Attachment 1.

The proposed rehabilitation of the Woodhaven Senior Residence will be an extensive renovation of this 24-year old housing development. Interior improvements will include replacement of the flooring, cabinets, doors, appliances, wall heaters, windows, window coverings, toilets, tub and tub surrounds. Each unit will be repainted and life safety issues will be addressed. Exterior improvements will address all dry rot issues, replace and repair all balconies and patios including fences and railing, replace roofs, repair all gutters and downspouts, replace the common area HVAC systems for each building. Additionally each building will be repainted. The inadequate and dilapidated leasing/community building and maintenance building will be demolished which will allow a new structure to be built in the location of the current buildings. Throughout the property paving will be repaired and resealed, common area lighting will be upgraded, fencing and gates will be repaired and the community garden will be improved. A site plan is included as Attachment 2.

The property will continue to be occupied during the planned 11-month rehabilitation period. Tenants will be temporarily relocated to an off-site location on a rotating basis until work is complete. After approximately five days of temporary relocation, tenants will return to their renovated units.

Project funding sources will include more than \$3.8 million of low-income housing tax credit equity, approximately \$6.5 million in mortgage revenue bond proceeds, a \$4,442,611 Agency loan, seller carry back loan of \$451,677 and a deferred developer fee of \$381,486. Units will be regulated at 50 and 60 percent of Area Median Income (AMI).

Further background on the project developer and the property is included as Attachment 3. A project summary including a proposed sources and uses of funds, is included as Attachment 4. A project cash flow proforma is included as Attachment 5, and a schedule of maximum rents is included as Attachment 6.

Approval of Housing Authority and Agency Loan for Woodhaven Senior Residence

Policy Considerations: The recommended actions are generally consistent with the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies. Regulatory restrictions on the property will be specified in a regulatory agreement between the Developer and the Agency for a period of 55 years. In addition, the HOME agreement will last 15 years. Compliance with the regulatory agreement will be monitored by the Agency on an annual basis. Due to limited cash flow projections a supplemental assessment will not be charged on this project. The loan term will be 55 years.

Economic Impacts: This multifamily residential project is expected to create 59.3 total jobs (33.6 direct jobs and 25.7 jobs through indirect and induced activities) and create \$7,967,050 in total economic output (\$4,856,413 of direct output and another \$3,110,637 of output through indirect and induced activities). *The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.*

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged.

Sustainability Considerations: The Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the project will advance the following goals, policies and targets as follows: (1) Goal number one – Energy Independence, specifically by reducing the use of fossil fuels, improving energy efficiency, and providing long-term affordable and reliable energy;

Other: The project was found to be categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii) as it consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation. The actions herein fall within the scope of the project that was previously analyzed; therefore, additional environmental review pursuant to NEPA is not required.

Approval of Housing Authority and Agency Loan for Woodhaven Senior Residence

Commission Action: At its meeting June 4, 2014, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation: The actions recommended in this report enable the Agency to continue to fulfill its mission to provide a range of affordable housing opportunities in the City.

Financial Considerations: This report recommends amending the Agency budget to defund City Housing Authority Low Mod funds as follows: \$400,000 from the Riverfront Housing Initiative, \$1,015,116 from the Township 9 project, \$205,796 from the Maydestone Building project, \$162,478 from the Morrison Creek Estates project, \$820,564 from the Housing Development Assistance project, \$163,984 from the Housing Asset Management. The proceeds of the defunding total \$2,767,938 will be combined with \$1,674,673 of City Home funds to make a \$4,442,611 loan for acquisition, rehabilitation, development and permanent financing for the Woodhaven Senior Residence.

M/WBE and Section 3 Considerations: Minority and Women’s Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent applicable.

Respectfully Submitted by: _____

LA SHELLE DOZIER
Executive Director

Table of Contents

Report	pg. 1
Attachments	
1 Vicinity Map	pg. 5
2 Site Plan	pg. 6
3 Background	pg. 7
4 Project Summary	pg. 9
5 Cash Flow	pg. 10
6 Maximum Rents and Income	pg. 11
7 City Council Resolution	pg. 12
Exhibit A: Commitment letter	pg. 14
8 Housing Authority Resolution	pg. 23
Exhibit A: Commitment letter	pg. 26

Approval of Housing Authority and Agency Loan for Woodhaven Senior Residence

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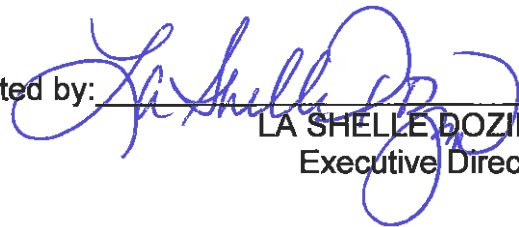
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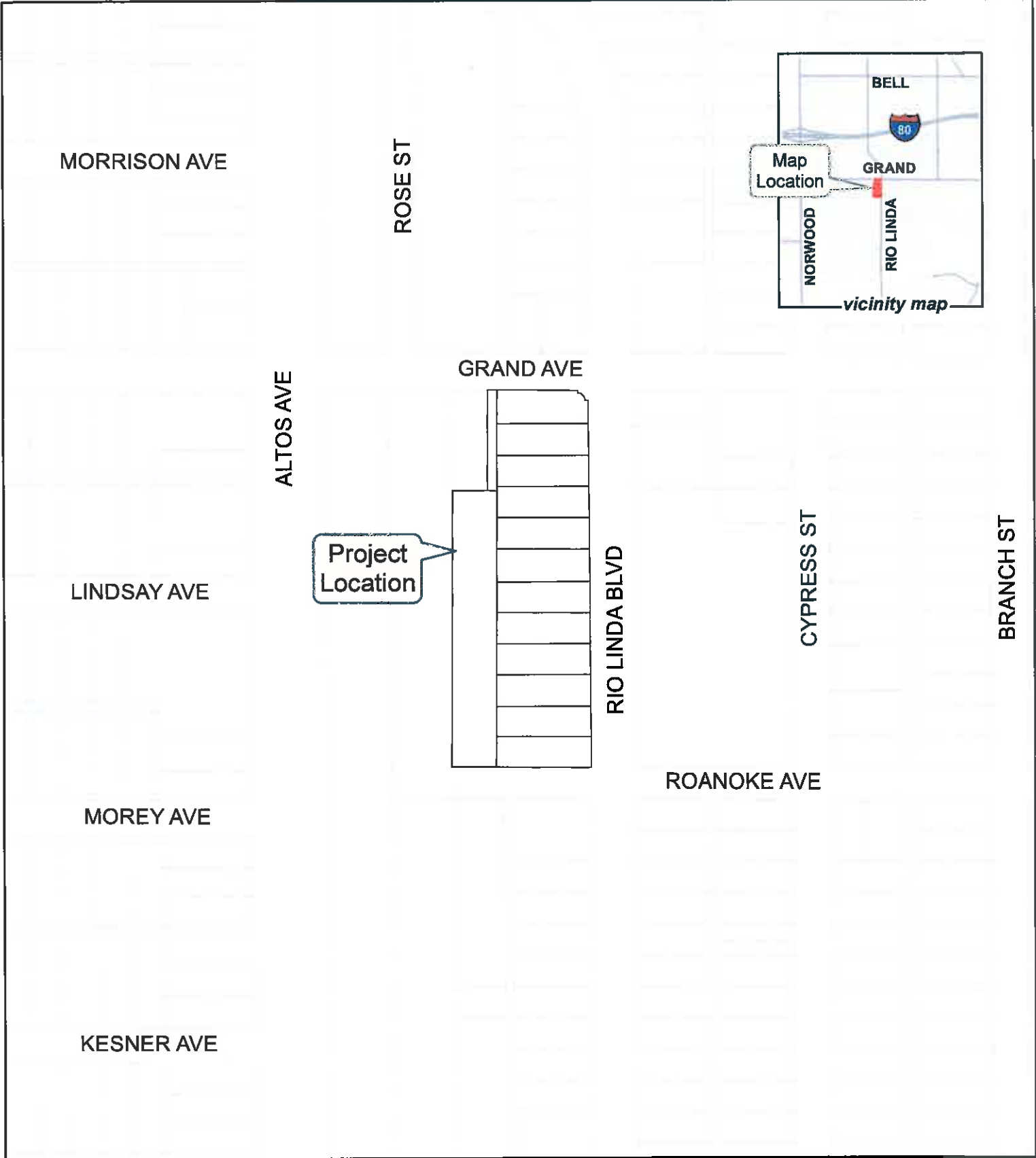
LA SHELLE DOZIER
Executive Director

Table of Contents

Report	pg. 1
Attachments	
1 Vicinity Map	pg. 5
2 Site Plan	pg. 6
3 Background	pg. 7
4 Project Summary	pg. 9
5 Cash Flow	pg. 10
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Woodhaven Senior Residences



 Woodhaven Senior Residences



SHRA GIS
April 28, 2014

WOODHAVEN SENIOR RESIDENCES
3731 RIO LINDA BOULEVARD
SACRAMENTO CA 95838
(916) 925-7313

RIO LINDA BLVD.

Walk-Thru Entrance/Exit Gate

Entrance/Exit Stairway	232	230	249	248	246	244
Balcony	251	249	247	245	243	241
Balcony	153	150	148	146	144	142
Balcony	151	149	147	145	143	141

BLDG. 3751

Entrance/Exit Stairway

Entrance/Exit Stairway	124	123	133	132	131	130	129	128	127	126	125
Balcony	141	140	139	138	137	136	135	134	133	132	131
Balcony/Exit Stairway	142	141	140	139	138	137	136	135	134	133	132
Balcony/Exit Stairway	143	142	141	140	139	138	137	136	135	134	133

BLDG. 3741

Entrance/Exit Stairway	131	129	128	127	126	125
Balcony	124	123	122	121	120	119
Balcony/Exit Stairway	123	122	121	120	119	118
Balcony/Exit Stairway	125	124	123	122	121	120

BLDG. 3721

Entrance/Exit Stairway	212	210	208	207	204	202
Balcony	215	209	207	205	203	201
Balcony	112	110	108	105	104	102
Balcony	111	109	107	105	103	101

BLDG. 3701

Entrance/Exit Stairway	222	220	218	216	214	212
Balcony	201	210	217	215	213	211
Balcony	122	120	118	116	114	112
Entrance/Exit Stairway	121	119	117	115	113	111

BLDG. 3711

Entrance/Exit Stairway	222	220	218	216	214	212
Balcony	201	210	217	215	213	211
Balcony	122	120	118	116	114	112
Entrance/Exit Stairway	121	119	117	115	113	111

GRAND AVENUE

Up Stairs 1-Bdrm Unit
Ground Floor 1-Bdrm Unit

Fire House

MAINTENANCE SHOP

GUEST PARKING LOT PRIMARY II

GRASSY AREA PRIMARY I

OFFICE / COMMUNITY CENTER

3731

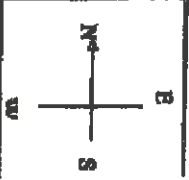
LEGEND

+ FIRST AID KIT
+ EVACUATION SITE
+ FIRE HYDRANTS
+ NEED FOR SEWT ORT VALVES
+ W-AMBIOSCAR SEWT ORT

G GAS SEWT ORT
E ELECTRICAL SEWT ORT
W WATER SEWT ORT

* PHV
* FHY
* TVAL

X-RAIN WATER VALVE BELOW FLOOR
W-AMBIOSCAR SEWT ORT



DRIVE-THRU ENTRANCE/EXIT GATE
MAIN ENTRANCE
Gate House

Woodhaven Senior Residence Project Background Information

The Developer, The John Stewart Company, proposes to rehabilitate Woodhaven Senior Residence, an existing affordable 104-unit apartment complex at 3731 Rio Linda Blvd. The Developer is requesting issuance of up to \$6,500,000 in tax-exempt mortgage revenue bonds, a \$4,442,611 Agency loan for the rehabilitation and the restructuring of outstanding loan and assumption.

Description of Development: Woodhaven Senior Residence was partially built as a housing complex in 1986 but it fell into foreclosure before completion. It did not receive its Certificate of Occupancy until 1990 after the current owners purchased the site and finished construction utilizing Low Income Housing Tax Credits (LIHTC's), a loan from CalHFA, and a loan from Sacramento Housing and Redevelopment Agency (Agency). The project consists of 104 one-bedroom units in five two-story buildings and a leasing/community building. Income restrictions from the LIHTC financing require that no households have an income higher than 60% Area Median Income (AMI). The Agency further requires 20% of the units to be restricted to households with incomes no greater than 50% AMI. Currently 71 of the 104 households at Woodhaven Senior Residence have incomes below 30% AMI.

The proposed project will include a complete rehabilitation of the Woodhaven Senior Residence, including interior and exterior repairs to the building and site improvements. Interior improvements will include replacement of the flooring, cabinets, doors, appliances, wall heaters, windows, window coverings, toilets, tub and tub surrounds. Each unit will be repainted and Life Safety issues will be addressed. Exterior improvements address dry rot issues, replace and repair all balconies and patios including fences and railing, replace roofs, repair all gutters and downspouts, replace the common area HVAC systems for each building. Additionally each building will be repainted.

The inadequately sized leasing/community building will be demolished in addition to the condemned Maintenance building and replaced with a new leasing/community/maintenance building. Throughout the property paving will be repaired and resealed, common area lighting will be upgraded, fencing and gates will be repaired and the community garden will be improved.

The proposed rehabilitation conforms to the Agency's guidelines that require a 15 year useful life for all major building systems and will bring the property up to current market standards. The improvements will create a complex that is visually more appealing and functionally improved, increase its marketability and have a positive impact on the surrounding neighborhood.

Developer: The John Stewart Company (JSCo), has developed over 4,000 residential, mixed-use and transit-oriented projects over the past 30 years and brings significant housing revitalization and management experience to the Woodhaven Senior

Residence project. JSCo has extensive experience in financing projects with tax credits, tax exempt bonds and other public and private funding sources.

Resident Services: Services will be provided to the residents by LifeSTEPS, an affiliate of the developer. The service provider will be required to provide at least 20 hours of services per week. Programs will be tailored to the needs of the residents. Examples of services include Educational Classes, Service Coordination, Case Management, Mediation Services Enrichment Activities for the residents.

Property Management: The project will be managed by The John Stewart Company, their current portfolio consists of over 33,000 units, including Hotel Berry, Shasta Hotel and Phoenix Park. Agency staff has reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets the Agency’s requirements for property management.

Project Financing: The Developer proposes to finance the Woodhaven Senior Residence Project with up to \$6,500,000 in tax-exempt mortgage revenue bonds issued by the Housing Authority, 4% Low Income Housing Tax Credits, a deferred developer fee, a \$4,442,611 Agency loan, a seller carryback loan and restructuring of outstanding Agency loan.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires the apartments be set-aside for targeted income groups. The Agency’s gap financing will also restrict rents at the property. The following chart summarizes the combined proposed affordability restrictions.

Unit Type	% of Units	Affordability Restrictions	Units	Regulatory Requirements
Agency Loan, Tax-exempt Bonds, Low Income Housing Tax Credits	20%	Very Low (50% AMI)	21	55 years
Agency Loan and Low Income Housing Tax Credits	80%	Low (60% AMI)	82	55 years
Managers Unit		Unrestricted	1	
Total	100%		104	

Maximum rent and income limits rents can be found in Attachment 6. The project’s affordability restrictions will be specified in regulatory agreements with the Developer.

Woodhaven
Residential Project Financial Summary

Address	3731 Rio Linda Blvd. Sacramento, CA 95838		
Number of Units	104		
Year Built	1986 foreclosure - 1990 completed		
Acreage	4.4 acres		
Affordability	21 units at or below 50% of AMI 82 units at or below 60% of AMI 1 unregulated Manager's Unit		
Unit Mix and Rents	(50% AMI)	(60% AMI)	Manager
1 Bedroom / 1 Bath	21	82	1
Total	21	82	1
Square Footage	<i>Per Unit</i>	<i>Total</i>	
1 BR / 1 BA	500	51,500	500
Manager's 1 BR / 1 BA	500	500	500
Total		52,000	square feet
Resident Facilities	Community room with kitchen, community gardens, laundry.		
Permanent Sources	<i>Current Total</i>	<i>Per Unit</i>	<i>Per Sq Ft</i>
Tax Credit Equity	\$ 3,792,214	\$ 36,464	\$ 73
Existing Agency Loan	\$ 1,869,277	\$ 17,974	\$ 36
New Agency Loan	\$ 4,442,611	\$ 42,717	\$ 85
Seller Carry Back Loan	\$ 451,677	\$ 4,343	\$ 9
Deferred Developer Fee	\$ 381,486	\$ 3,668	\$ 7
TOTAL SOURCES	\$ 10,937,265	\$ 105,166	\$ 210
Permanent Uses			
Acquisition	\$ 2,650,000	\$ 25,481	\$ 51
Construction Costs	\$ 4,945,431	\$ 47,552	\$ 95
Permits	\$ 199,058	\$ 1,914	\$ 4
Architecture and Engineering	\$ 420,000	\$ 4,038	\$ 8
Hard Cost Contingency	\$ 494,543	\$ 4,755	\$ 10
Soft Cost Contingency	\$ 68,701	\$ 661	\$ 1
Financing Costs	\$ 154,112	\$ 1,482	\$ 3
Reserves	\$ 121,158	\$ 1,165	\$ 2
Legal Fees	\$ 190,000	\$ 1,827	\$ 4
Relocation - Temporary	\$ 505,000	\$ 4,856	\$ 10
Developer Fee	\$ 944,662	\$ 9,083	\$ 18
Third Party Fees, Marketing, Other	\$ 244,600	\$ 2,352	\$ 5
TOTAL USES	\$ 10,937,265	\$ 105,166	\$ 210
Management / Operations			
Proposed Developer:		The John Stewart Company	
Property Management Company:		The John Stewart Company	
Operations Budget:	\$342,939	\$3,297	
Property Management	\$52,416	\$504	
Resident Services	\$42,720	\$411	
Replacement Reserves:	\$31,200	\$300	

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	2017 Year 1	2018 Year 2	2019 Year 3	2020 Year 4	2021 Year 5	2022 Year 6	2023 Year 7	2028 Year 10	2031 Year 15	2036 Year 20	2041 Year 25	2046 Year 30
1 BD/1 BA @ 50% AMI	21	500	10,500	\$ 678	\$ 72	\$ 72	\$ 606	\$ 460	\$ 0.92	\$ 9,660	\$ 115,920	\$ 11,838	\$ 1,039,222	\$ 18,824	\$ 21,072	\$ 1,175,794
1 BD/1 BA @ 60% AMI	82	500	41,000	\$ 854	\$ 72	\$ 72	\$ 782	\$ 480	\$ 0.92	\$ 37,720	\$ 452,640	\$ 16,461	\$ 46,957	\$ 59,981	\$ 59,981	\$ 59,981
Manager's Units	1	500	500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 1.00	\$ 500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Totals/Averages	104	500	92,000	\$ 47,860	\$ 574,560											
* Market Rents \$669																
Income																
Potential Gross Income																
Other Income																
Less Vacancy																
Effective Gross Income																
Operating Expenses																
Assessments																
Property Management																
Replacement Reserves																
Social Services																
Total Expenses																
Net Operating Income																
Debt Service																
SHRA Monitoring Fee																
Debt Service Subtotal																
DCR on Senior Bonds																
Other Operating Expenses																
Other Operating Expenses Subtotal																
Modified NOI for DCR Calculation																
Priority Distributions																
Asset Management Fee (Investor)																
Annual Supplemental Assessment																
Priority Distributions Subtotal																
Net Cash after Priority Distributions																
Deferred Developer Fee																
Principal Balance																
Interest for Period																
Accumulated Interest																
Payment																
Balance																
Net Cash after Deferred Developer Fee																
SHRA HOME Loan																
Principal Balance																
Payment																
Balance																
SHRA existing loan																
Principal Balance																
Interest for Period																
Accumulated Interest																
Payment																
Balance																
Net Cash After Loan Repayment																

MAXIMUM HOME RENT AND INCOME LEVELS 2014*Rents @ 50% and 60% of Area Median Income***Maximum Income Limits:**

Family Size	Max Income	
	<i>50% AMI</i>	<i>60% AMI</i>
1 person	\$24,050	\$28,860
2 person	\$27,500	\$33,000

Maximum Rent Limits:

HOME/Low Income Housing Tax Credits (LIHTC's)

Unit Size	Gross Rent	
	<i>50% AMI</i>	<i>60% AMI</i>
1 Bedroom	\$644.00	\$773.00

RESOLUTION NO. 2014 -

Adopted by the Sacramento City Council

On date of

WOODHAVEN SENIOR RESIDENCE; APPROVAL OF \$1,674,673 IN CITY HOME FUNDS, LOAN COMMITMENT AND EXECUTION OF COMMITMENT BY THE JOHN STEWART COMPANY, OR RELATED ENTITY, RELATED BUDGET AMENDMENT:

BACKGROUND

- A. The John Stewart Company. (Developer) has applied for an allocation of One Million, Six Hundred Seventy Four Thousand Six Hundred Seventy Three Dollars (\$1,674,673) in City HOME funds and Two Million, Seven Hundred Sixty Seven Thousand Nine Hundred Thirty Eight Dollars (\$2,767,938) City Housing Authority Low Mod Funds to assist in funding the construction of the Woodhaven Senior Residence project.
- B. The Woodhaven Senior Residence project qualifies for City HOME funding under the Sacramento Housing and Redevelopment Agency guidelines:
- C. The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged.
- D. The project was found to be categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii) as it consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation. The actions herein fall within the scope of the project that was previously analyzed; therefore, additional environmental review pursuant to NEPA is not required.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1.** All of the evidence having been presented and duly considered, the findings, including the environmental findings, as stated above, are found to be true and correct.
- Section 2.** The Loan Commitment, attached as (Exhibit A), for financing the Project with \$1,674,673 in City HOME funds, and the Sacramento Housing and

Woodhaven Senior Residence

Redevelopment Agency (Agency) is delegated authority to execute and transmit the Loan Commitment to the Developer.

Section 3. The Agency is authorized to enter into and execute other documents, as approved to form by Agency Counsel, and perform other actions necessary to fulfill the intent of the Loan Commitment that accompanies this resolution, in accordance with its terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extensions, and restructuring of such a loan consistent with Agency adopted policy and with this resolution.

Section 4. The Agency is authorized to amend the Agency budget and allocate up to \$1,674,673 in City HOME funds to Woodhaven Senior Residence Project.

Table of Contents:

Exhibit A: Loan Commitment

Date: June 17, 2014

The John Stewart Company
C/O Jack D. Gardner, President
1388 Sutter Street 11th Floor
San Francisco, CA 94109

RE: Conditional funding commitment, Woodhaven Senior Residence

Dear Mr. Gardner:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of Construction/Permanent Loan funds (Loan) from the City HOME funds/City Housing Authority funds/Restructuring Outstanding Loan and of Assumption of Obligations for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Woodhaven Senior Residence located at 3731 Rio Linda Blvd, Sacramento, California ("Property"). The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No loan terms not in this funding commitment and the attached loan document forms shall be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty days prior to close of escrow for the Property.

This commitment will expire April 30, 2015.

1. **PROJECT DESCRIPTION:** The project is the acquisition, rehabilitation and development of a 104-unit affordable apartment project known as Woodhaven Senior Residence located at 3731 Rio Linda Blvd., Sacramento, California.
2. **BORROWER:** The name of the Borrower for the Loan is The John Stewart Company, or related entity.

3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition, rehabilitation, development and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT:** The combined principal amount of the Loan will be the lesser of (a) Four Million Four Hundred Forty Two Thousand Six Hundred Eleven Dollars (\$4,442,611), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN:** The unpaid balance of the Loan will be all due and payable on the first day of the 684th month following closing.
6. **INTEREST RATE:** The Loan will bear interest at zero percent (0%) per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
7. **MONTHLY PAYMENT:** Monthly principal and interest payments shall be deferred from the Loan's Effective Date through the term.
8. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City Home Funds, City Housing Authority Low Mod Funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.

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Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety

Standards Act (40 U.S.C. 3701-3708); (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a “subsidy” may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower’s contractor.

_____ (Borrower Initial)

10. **ACCELERATION**: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. **SECURITY**: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency’s lien securing loans from Clearinghouse CDFI and California Department of Housing and Community Development (Rental Housing Construction Program) and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of rehabilitation of the Property.
12. **LEASE AND RENTAL SCHEDULE**: All leases of the Property and Improvements shall be subject to Agency's approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval.
13. **PROOF OF EQUITY**: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$3,700,000 in Low Income Housing Tax Credit Equity and no less than \$381,486 in deferred developer fee. If LIHTC equity goes below \$3,700,000 it must be offset by an increase in deferred developer fee.
14. **OTHER FINANCING**: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 - (a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.

- (b) Commitments for permanent financing sufficient to “take out” all liens senior to the Agency’s lien.
- (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
- (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements
15. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency’s contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. SOILS AND TOXIC REPORTS: Borrower must submit to Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
17. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgement of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
18. PLANS AND SPECIFICATION: Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.

19. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement"), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
20. CONSTRUCTION CONTRACT: The construction contract ("Contract"), if any, and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency shall require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
21. RETENTION AMOUNT: The Agency shall retain ten percent (10.0%) as retention from each disbursement, not to exceed a total of ten percent (10.0%) of the total amount of the Loan.
22. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

23. COST SAVINGS: At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. If there is an aggregate savings in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, the Agency shall withhold for itself as loan repayment, one-half of such savings from the

amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.

24. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than 60 days following the close of construction financing.
25. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
26. SECURITY CAMERAS AND OUTSIDE LIGHTING: Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, all as approved by the Agency.
27. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
28. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must

also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.

29. TITLE INSURANCE: Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
30. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
31. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
32. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.
33. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.

34. LOW INCOME HOUSING TAX CREDITS (“LIHTC”): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC’s and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
35. FEDERAL HOME LOAN BANK AFFORDABLE HOUSING GRANT: Not applicable.
36. SMOKE-FREE ENVIRONMENT: At least 50% of the buildings but no less than 50% of the units must be smoke free. All indoor common areas must be smoke-free.
37. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
38. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
39. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
40. SUBORDINATION AND ASSIGNMENT OF EXISTING DEBT: The Agency will seek approval from the appropriate governing body to restructure, subordinate and assign the existing loan on the Property of \$1,869,277 (principal and accrued interest) from the Tax Credit Funds (“Existing Debt”) to the Borrower. The Agency will seek to restructure the terms of the loan, the payment schedule and the maturity date to be consistent with the 57 year term of the new \$4,442,611 Agency Loan.

41. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Yours truly,

LaShelle Dozier
Executive Director

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

Dated:

BORROWER:

The John Stewart Company

By: _____
Jack D. Gardner, President

RESOLUTION NO. 2014 –

Adopted by the Housing Authority of the City of Sacramento

on date of

WOODHAVEN SENIOR RESIDENCE: APPROVAL OF DEFUNDING CITY HOUSING AUTHORITY LOW MOD FUNDS, \$400,000 FROM RIVERFRONT HOUSING INITIATIVE, \$1,015,116 FROM TOWNSHIP 9 PROJECT, \$205,796 FROM MAYDESTONE BUILDING OPA PROJECT, \$162,478 FROM MORRISON CREEK ESTATES PROJECT, \$820,564 FROM HOUSING DEVELOPMENT ASSISTANCE PROJECT, \$163,984 FROM HOUSING ASSET MANAGEMENT; APPROVAL OF REALLOCATION OF \$2,767,938 IN CITY HOUSING AUTHORITY FUNDS TO THE PROJECT; EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH THE JOHN STEWART COMPANY OR RELATED ENTITY AND APPROVAL OF THE RESTRUCTURING OF OUTSTANDING LOAN AND ASSUMPTION OF OBLIGATIONS BY THE JOHN STEWART COMPANY, OR RELATED ENTITY, BUDGET AMENDMENTS, SUBORDINATION OF EXISTING LOAN.

BACKGROUND

- A. The John Stewart Company has applied for an allocation of One Million Six Hundred Seventy Four Thousand Six Hundred Seventy Three Dollars (\$1,674,673) in City Home funds (HOME) and Two Million Seven Hundred Sixty Seven Thousand Nine Hundred Thirty Eight Dollars (\$2,767,938) in City Housing Authority Funds to assist in funding the acquisition and rehabilitation of the 104-unit Woodhaven Senior Residence ("Project");
- B. The Sacramento Housing and Redevelopment Agency desires Approval of defunding of City Housing Authority Low Mod Funds, \$400,000 from the Riverfront Housing Initiative, \$1,015,116 from the Township 9 project, \$205,796 from the Maydestone Building project, \$162,478 from the Morrison Creek Estates project, \$820,564 from the Housing Development Assistance project, \$163,984 from the Housing Asset Management; Approval of reallocation of \$2,767,938 in City Housing Authority Low Mod Funds to the Woodhaven Senior Residence Project.
- C. The Project currently has a Low/Moderate Tax Increment Agency loan outstanding, the original loan. The principal balance of the original loan is \$500,000 plus accrued interest. The John Stewart Company has requested that the existing debt be restructured and assigned to a new limited partnership formed by The John Stewart Company. Requested restructuring of the original loan includes extending the term by approximately 35 years.

- D. The original Agency signatory for each of the outstanding Agency loans was the Redevelopment Agency of the City of Sacramento.
- E. In 2011 the California Legislature enacted AB 1X 26, which law, coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies as of February 1, 2012, and the transfer of all assets, properties, contracts and leases of the former redevelopment agencies to successor agencies, and requiring successor agencies to carry out the winding down of the redevelopment agencies.
- F. The City of Sacramento previously established the Redevelopment Agency of the City of Sacramento, a body corporate and politic ("Redevelopment Agency" or RDA) in order to carry out plans for the improvement, rehabilitation, and redevelopment of blighted areas within the City.
- G. On January 31, 2012, the City designated the Housing Authority of the City of Sacramento (PHA) as the local authority to retain the housing assets and functions previously performed by the RDA.
- H. On January 31, 2012 the PHA affirmatively elected pursuant to Health and Safety Code Section 34176 that it will serve as the "Successor Housing Agency" to the former Redevelopment Agency of City of Sacramento (RDA) and authorizes the Executive Director to take actions necessary to comply with the designation in a manner that is consistent with federal and state law.
- I. The existing project loan due to its Low/Moderate fund origin is a housing asset under California Health and Safety Code Section 34176.
- J. The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged.
- K. The project was found to be categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii) as it consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation. The actions herein fall within the scope of the project that was previously analyzed; therefore, additional environmental review pursuant to NEPA is not required.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, RESOLVES AS FOLLOWS:

- Section 1.** The above recitals are found to be true and correct and the proposed Project is categorically exempt under CEQA Guidelines Sections 15301 and no further review is required under NEPA.
- Section 2.** The Executive Director, or her designee, is authorized to amend the Agency budget to defund City Housing Authority Low Mod Funds, \$400,000 from the Riverfront Housing Initiative, \$1,015,116 from the Township 9 project, \$205,796 from the Maydestone Building project, \$162,478 from the Morrison Creek Estates project, \$820,564 from the Housing Development Assistance project, \$163,984 from the Housing Asset Management; Approval of reallocation of \$2,767,938 in City Housing Authority Low Mod Funds to the Woodhaven Senior Residence Project.
- Section 3.** The Executive Director or her designee is authorized to execute the Loan Commitment Letter and related documents with The John Stewart Company or Related Entity.
- Section 4.** The Loan Commitment, attached as (Exhibit A), for financing the Project with \$2,767,938 in City Housing Authority Low Mod Funds, and the Executive Director is delegated authority to execute and transmit the Loan Commitment to the Developer.
- Section 5.** The Executive Director is authorized to release outdated recorded restrictions associated with the original loan as these restrictions have been superseded by more comprehensive, longer termed restrictions and covenants.
- Section 6.** The Executive Director is authorized to consent to the assumption of the obligations by The John Stewart Company or a related entity, in order to ensure the continued viability of the development.
- Section 7.** The Executive Director is authorized to restructure outstanding Agency loans and related documents in the amount of \$500,000 principal plus accrued interest, to extend the maturity dates, and eliminate loan fees associated with these past loans.

Table of contents
Exhibit A – Loan Commitment

Date: June 17, 2014

The John Stewart Company
C/O Jack D. Gardner, President
1388 Sutter Street 11th Floor
San Francisco, CA 94109

RE: Conditional funding commitment, Woodhaven Senior Residence

Dear Mr. Gardner:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of Construction/Permanent Loan funds (Loan) from the City HOME funds/City Housing Authority funds/Restructuring Outstanding Loan and of Assumption of Obligations for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Woodhaven Senior Residence located at 3731 Rio Linda Blvd, Sacramento, California ("Property"). The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No loan terms not in this funding commitment and the attached loan document forms shall be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty days prior to close of escrow for the Property.

This commitment will expire April 30, 2015.

1. PROJECT DESCRIPTION: The project is the acquisition, rehabilitation and development of a 104-unit affordable apartment project known as Woodhaven Senior Residence located at 3731 Rio Linda Blvd., Sacramento, California.
2. BORROWER: The name of the Borrower for the Loan is The John Stewart Company, or related entity.

3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition, rehabilitation, development and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT:** The combined principal amount of the Loan will be the lesser of (a) Four Million Four Hundred Forty Two Thousand Six Hundred Eleven Dollars (\$4,442,611), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN:** The unpaid balance of the Loan will be all due and payable on the first day of the 684th month following closing.
6. **INTEREST RATE:** The Loan will bear interest at zero percent (0%) per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
7. **MONTHLY PAYMENT:** Monthly principal and interest payments shall be deferred from the Loan's Effective Date through the term.
8. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City Home Funds, City Housing Authority Low Mod Funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.

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Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety

Standards Act (40 U.S.C. 3701-3708); (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a “subsidy” may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower’s contractor.

_____ (Borrower Initial)

10. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency’s lien securing loans from Clearinghouse CDFI and California Department of Housing and Community Development (Rental Housing Construction Program) and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of rehabilitation of the Property.
12. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval.
13. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$3,700,000 in Low Income Housing Tax Credit Equity and no less than \$381,486 in deferred developer fee. If LIHTC equity goes below \$3,700,000 it must be offset by an increase in deferred developer fee.
14. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 - (a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.

- (b) Commitments for permanent financing sufficient to “take out” all liens senior to the Agency’s lien.
- (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
- (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements
15. **EVIDENCE OF FUNDS:** Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency’s contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. **SOILS AND TOXIC REPORTS:** Borrower must submit to Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
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18. **PLANS AND SPECIFICATION:** Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.

19. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement"), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
20. CONSTRUCTION CONTRACT: The construction contract ("Contract"), if any, and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency shall require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
21. RETENTION AMOUNT: The Agency shall retain ten percent (10.0%) as retention from each disbursement, not to exceed a total of ten percent (10.0%) of the total amount of the Loan.
22. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

23. COST SAVINGS: At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. If there is an aggregate savings in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, the Agency shall withhold for itself as loan repayment, one-half of such savings from the

amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.

24. **START OF CONSTRUCTION:** Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than 60 days following the close of construction financing.
25. **COMPLETION OF CONSTRUCTION:** Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
26. **SECURITY CAMERAS AND OUTSIDE LIGHTING:** Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, all as approved by the Agency.
27. **HAZARD INSURANCE:** Borrower shall procure and maintain fire and extended coverage insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
28. **PUBLIC LIABILITY AND OTHER INSURANCE:** Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must

also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.

29. TITLE INSURANCE: Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
30. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
31. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
32. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.
33. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.

34. LOW INCOME HOUSING TAX CREDITS (“LIHTC”): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC’s and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
35. FEDERAL HOME LOAN BANK AFFORDABLE HOUSING GRANT: Not applicable.
36. SMOKE-FREE ENVIRONMENT: At least 50% of the buildings but no less than 50% of the units must be smoke free. All indoor common areas must be smoke-free.
37. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
38. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
39. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
40. SUBORDINATION AND ASSIGNMENT OF EXISTING DEBT: The Agency will seek approval from the appropriate governing body to restructure, subordinate and assign the existing loan on the Property of \$1,869,277 (principal and accrued interest) from the Tax Credit Funds (“Existing Debt”) to the Borrower. The Agency will seek to restructure the terms of the loan, the payment schedule and the maturity date to be consistent with the 57 year term of the new \$4,442,611 Agency Loan.

41. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Yours truly,

LaShelle Dozier
Executive Director

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

Dated:

BORROWER:

The John Stewart Company

By: _____
Jack D. Gardner, President

RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF

WOODHAVEN SENIOR RESIDENCE; APPROVAL OF ALLOCATION OF \$1,674,673 IN CITY HOME FUNDS. EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH THE JOHN STEWART COMPANY, OR RELATED ENTITY; AND RELATED BUDGET AMENDMENT; ENVIRONMENTAL FINDINGS

BACKGROUND

- A. The John Stewart Company. (Developer) has applied for an allocation of One Million, Six Hundred Seventy Four Thousand Six Hundred Seventy Three Dollars (\$1,674,673) in City HOME funds and Two Million, Seven Hundred Sixty Seven Thousand Nine Hundred Thirty Eight (\$2,767,938) in City Housing Authority Funds to assist in funding the construction of the Woodhaven Senior Residence project.
- B. The Woodhaven Senior Residence project qualifies for City HOME funding under the Sacramento Housing and Redevelopment Agency guidelines:
- C. The project was found to be categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii) as it consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation. The actions herein fall within the scope of the project that was previously analyzed; therefore, additional environmental review pursuant to NEPA is not required.
- D. The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND. THE COMMISSION RESOLVES AS THE FOLLOWS:

Section 1. The above recitals, including the environmental recitals, are found to be true and correct.

Section 2. The Executive Director or her designee is authorized to amend the Agency budget to allocate One Million, Eight Hundred Thousand Dollars (\$1,674,673) in City HOME funding to the Woodhaven Senior Residence project.

Section 3. Subject to approval by the City Council, the Loan Commitment attached to and incorporated in this resolution by this reference for the financing of the Woodhaven Senior Residence project ("Loan Commitment") is approved and the Executive Director is authorized to execute the Loan Commitment and related documents and transmit to The John Stewart Company, or related entity.

CHAIR

ATTEST:

CLERK

Table of Contents:
Exhibit A – Loan Commitment Letter

Date: June 17, 2014

The John Stewart Company
C/O Jack D. Gardner, President
1388 Sutter Street 11th Floor
San Francisco, CA 94109

RE: Conditional funding commitment, Woodhaven Senior Residence

Dear Mr. Gardner:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of Construction/Permanent Loan funds (Loan) from the City HOME funds/City Housing Authority funds/Restructuring Outstanding Loan and of Assumption of Obligations for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Woodhaven Senior Residence located at 3731 Rio Linda Blvd, Sacramento, California ("Property"). The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No loan terms not in this funding commitment and the attached loan document forms shall be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty days prior to close of escrow for the Property.

This commitment will expire April 30, 2015.

1. **PROJECT DESCRIPTION:** The project is the acquisition, rehabilitation and development of a 104-unit affordable apartment project known as Woodhaven Senior Residence located at 3731 Rio Linda Blvd., Sacramento, California.
2. **BORROWER:** The name of the Borrower for the Loan is The John Stewart Company, or related entity.

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3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of acquisition, rehabilitation, development and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. PRINCIPAL AMOUNT: The combined principal amount of the Loan will be the lesser of (a) Four Million Four Hundred Forty Two Thousand Six Hundred Eleven Dollars (\$4,442,611), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. TERM OF LOAN: The unpaid balance of the Loan will be all due and payable on the first day of the 684th month following closing.
6. INTEREST RATE: The Loan will bear interest at zero percent (0%) per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
7. MONTHLY PAYMENT: Monthly principal and interest payments shall be deferred from the Loan's Effective Date through the term.
8. SOURCE OF LOAN FUNDS: Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City Home Funds, City Housing Authority Low Mod Funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the

development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708); (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a “subsidy” may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower’s contractor.

_____ (Borrower Initial)

10. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency’s lien securing loans from Clearinghouse CDFI and California Department of Housing and Community Development (Rental Housing Construction Program) and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of rehabilitation of the Property.
12. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval.
13. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$3,700,000 in Low Income Housing Tax Credit Equity and no less than \$381,486 in deferred developer fee. If LIHTC equity goes below \$3,700,000 it must be offset by an increase in deferred developer fee.
14. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 - (a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for

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completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.

(b) Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien.

(c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.

(d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements

15. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. SOILS AND TOXIC REPORTS: Borrower must submit to Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
17. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgement of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
18. PLANS AND SPECIFICATION: Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans

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and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.

19. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement"), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
20. CONSTRUCTION CONTRACT: The construction contract ("Contract"), if any, and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency shall require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
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Yours truly,

LaShelle Dozier
Executive Director

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

Dated:

BORROWER:

The John Stewart Company

By: _____
Jack D. Gardner, President



May 29, 2014

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Tax-Equity and Fiscal Responsibility Act (TEFRA) Hearing and approval of Tax-Exempt Bonds for the Woodhaven Senior Residence Project

SUMMARY

The attached report is submitted to you for review and recommendation.

RECOMMENDATION

There is no specific staff recommendation on this item.

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
June 17, 2014
10 am

To: Board of Supervisors and the Housing Authority of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing and Approval Of
Tax-Exempt Bonds For Woodhaven Senior Residence Project

Supervisory

District: Serna

Contact: Tyrone Williams, Director, Development, 440-1316
Christine Weichert, Assistant Director, Development Finance 440-1353

Overview

This report recommends approval of up to \$6,500,000 in tax-exempt mortgage revenue bonds for the acquisition, rehabilitation, and permanent financing of the Woodhaven Senior Residence (Project).

Recommendations

1. Conduct the public hearing; indicate that the Board of Supervisors has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed construction and permanent financing of the project;
2. Authorize the issuance by the Housing Authority of the County of not more than \$6,500,000 in tax-exempt mortgage revenue bonds to provide construction and permanent financing for the Woodhaven Senior Residence Project; and authorize an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue the bonds.

The clerk is requested to certify six copies of the resolutions and forward them to staff.

Measures/Evaluation

The proposed development will preserve and extend 104 units of affordable housing; contributing to the County of Sacramento's 2014-2021 Housing Element goals. Affordability restrictions placed on the Woodhaven Senior Residence Project will be monitored by the Sacramento Housing and Redevelopment Agency, (Agency) for 55 years.

Fiscal Impact

The Agency will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing, and an annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.15 percent of the bond amount for the term of 55 years. The developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. Mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or County of Sacramento.

BACKGROUND

The John Stewart Company (Developer) has applied to the Agency for the issuance of up to \$6,500,000 in tax-exempt mortgage revenue bonds and a \$4,442,611 construction and permanent loan commitment comprised of City of Sacramento Home Investment Partnership Program (HOME) funds and City of Sacramento Housing Authority Low Mod Funds for the rehabilitation of the Woodhaven Senior Residence Project (Project). The Woodhaven Senior Residence, located on approximately 4.4 acres at 3731 Rio Linda Blvd in the City of Sacramento, was partially built in 1986 when it fell into foreclosure before completion. It did not receive its Certificate of Occupancy until 1990 when the current owners purchased the site and finished construction utilizing Low Income Housing Tax Credits (LIHTC's), a loan from the California Housing Finance Agency (CalHFA), and a loan from the Agency. The bond issuance is being requested in the County to utilize a previous Carry-Forward Allocation that the Agency received from the California Debt Limit Allocation Committee (CDLAC).

DISCUSSION

Background: In December of 2013 the Housing Authority of the County of Sacramento received an allocation of the 2013 State Ceiling on Qualified Private Activity Bonds (Carry-Forward Allocation) in the amount of \$50,000,000 from California Debt Limit Allocation Committee (CDLAC). The Agency received the allocation on behalf of the Housing Authority of the County in order to accommodate the unincorporated areas of the County as well as projects located within the city limits. The term of the Carry-Forward Allocation is three years or until the full Allocation has been subscribed. This project is located in the City of Sacramento and is requesting a bond allocation in 2014 which will be subject to the terms of the Carry-Forward allocation as dictated by CDLAC. This Carry-Forward Allocation is not required to compete with other CDLAC requests within the State and is essentially guaranteed to the sponsor.

Description of Development: Woodhaven Senior Residence consists of 104 one-bedroom units comprised of five two-story wood frame residential buildings, one single-story leasing/community room building and one single story construction maintenance building. Four of the two story buildings contain 20 units each and the fifth two story building contains 24 units.

Interior improvements will include replacement of the flooring, cabinets, doors, appliances, wall heaters, windows, window coverings, toilets, tub and tub surrounds. Each unit will be repainted and Life Safety issues will be addressed. Given the very limited kitchen space, dishwashers will not be added. Exterior improvements address all dry rot issues, replace and repair all balconies and patios including fences and railing, replace roofs, repair all gutters and downspouts, replace the common area HVAC systems for each building. Additionally each building will be repainted.

The inadequate and dilapidated leasing/community building and the maintenance building will be demolished allowing a new leasing/community building to be built in the location of the existing leasing/community building. Throughout the property paving will be repaired and resealed, common area lighting will be upgraded, fencing and gates will be repaired and the community garden will be improved.

Woodhaven Senior Residence will continue to be occupied during the eleven-month construction period although tenants will be temporarily relocated to off-site locations on a rotating basis until work is complete. After approximately five days of temporary relocation, tenants will return to their renovated units.

Developer: The John Stewart Company (JSCo), has developed over 4,000 residential, mixed-use and transit-oriented projects over the past 30 years and brings significant housing revitalization and management experience to the Woodhaven Senior Residence project. JSCo has extensive experience in financing projects with tax credits, tax exempt bonds and other public and private funding sources.

Resident Services: Services will be provided to the residents by LifeSTEPS. an affiliate of the developer. The service provider will be required to provide at least 20 hours of services per week. Programs will be tailored to the needs of the residents. Examples of services include Educational Classes, Service Coordination, Case Management, and Mediation Services Enrichment Activities for the residents.

Property Management: The project will be managed by The John Stewart Company. They have a current portfolio of over 33,000 units, including Hotel Berry, Shasta Hotel and Phoenix Park. Agency staff has reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets the Agency's requirements for property management.

Project Financing: The Developer proposes to finance the Woodhaven Senior Residence Project with up to \$6,500,000 in tax-exempt mortgage revenue bonds issued by the Housing Authority, 4% Low Income Housing Tax Credits, a deferred developer fee, a \$4,442,611 Agency loan, a seller carryback loan and restructuring of an outstanding Agency loan.

Bond Financing: As a public entity, the Housing Authority can issue tax-exempt bonds, the proceeds of which can provide acquisition, construction, and permanent financing for multi-family housing projects. Interest paid on the bonds is exempt from federal and state income tax, so bondholders will accept a below-market yield from the bonds. These savings are, in turn,

passed on to the project owner in the form of a below-market rate loan, with interest rates approximately one to two percent below prevailing market rates.

The bonds for the project are intended to be privately-placed. Staff will report back to the Housing Authority on the placement and the actual bond amounts with the request for final approval of the bond documents. The law firm of Orrick, Herrington and Sutcliffe LLP, will serve as bond counsel to the Housing Authority.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires the apartments be set-aside for targeted income groups. Income restrictions from the LIHTC financing require that no households have an income higher than 60% Area Median Income (AMI). SHRA further requires 20% of the units to be restricted to households with incomes no greater than 50% AMI. Currently 71 of the 104 households at Woodhaven Senior Residence have incomes below 30% AMI. The project's affordability restrictions will be specified in regulatory agreements with the Developer.

State and Local Approval Process: Typically, the Housing Authority must apply for and compete to receive authorization from CDLAC prior to issuing tax-exempt mortgage revenue bonds. In this instance the application process is noncompetitive because the Housing Authority received a Carry-Forward Allocation in December of 2013. The Housing Authority is prohibited from using the Allocation for any other purpose or from transferring the Allocation to any governmental unit of the State other than CDLAC. The Housing Authority is recommending using this 2013 Allocation for the benefit of the State, the County of Sacramento, the City of Sacramento, and the Woodhaven Senior Residence Project.

Project Inducement: CDLAC requires that an "inducement" resolution be adopted by the entity proposing to issue the bonds. Inducement at this time will also allow the developer to be reimbursed from bond issue proceeds for acquisition expenses that it has incurred already and will incur in the future. Staff recommends that the Housing Authority adopt a resolution to indicate its intent to issue bonds to finance the construction and permanent financing of the project. Adoption of the resolution will not bind the Housing Authority to issue bonds until and unless all other necessary actions are taken in accordance with all applicable laws.

COMMISSION ACTION

It is anticipated that, at its meeting of June 4, 2014, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Board in the event this does not occur.

MEASURES/EVALUATIONS

The County's Housing Element has set affordable housing goals for the period of 2014-2019. An extremely low-income unit is defined as being affordable to a household with income up to 30 percent of area median income (AMI), a very low-income unit is defined as being affordable to a household with income of up to 50 percent of AMI and a low-income unit is being defined as being affordable up to 60 percent of AMI.

Woodhaven Senior Residence

Unit Type	% of Units	Affordability Restrictions	Units	Regulatory Requirements
Agency Loan, Tax-exempt Bonds, Low Income Housing Tax Credits	20%	Very Low (50% AMI)	21	55 years
Agency Loan and Low Income Housing Tax Credits	80%	Low (60% AMI)	82	55 years
Managers Unit		Unrestricted	1	
Total	100%		104	

FINANCIAL ANALYSIS

The proposed bond issuance will not be an obligation of the County, the Housing Authority, or the Sacramento Housing and Redevelopment Agency. The bonds will be the obligation solely of the project’s owner, who will bear all costs associated with the issuance of the bonds. The Agency will receive a one-time issuance fee of 0.25 percent (25 basis points) of the bond issuance amount, which is payable at bond closing. The Agency will also collect an annual payment of 0.15 percent (15 basis points) of the total bond issuance amount for monitoring of the regulatory restrictions and administration of the bonds. The law firm of Orrick, Herrington and Sutcliffe LLP, is acting as bond counsel for the Housing Authority.

POLICY CONSIDERATIONS

The recommended actions are generally consistent with the Agency’s previously approved Multifamily Lending and Mortgage Revenue Bond Policies. Regulatory restrictions on the property will be specified in a regulatory agreement between the Developer and the Agency for a period of 55 years. In addition, the HOME agreement will last 15 years. Compliance with the regulatory agreement will be monitored by the Agency on an annual basis. Due to limited cash flow projections a supplemental assessment will not be charged on this project. The loan term will be 55 years.

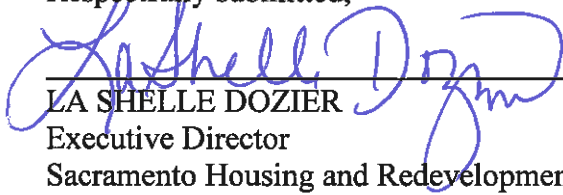
ENVIRONMENTAL REVIEW

The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where there is no change or expansion of the existing use. The National Environmental Policy Act (NEPA) does not apply.

M/WBE AND SECTION 3 CONSIDERATIONS

Minority and Women’s Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent applicable.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED

BRADLEY J. HUDSON
County Executive

Attachments:

- RES – HACOS Bond Reimbursement Woodhaven
- RES – County BOS (TEFRA)
- ATT I - Vicinity Map
- ATT II – Site Plan
- ATT III - Project Summary
- ATT IV - Cashflow Proforma
- ATT V – Maximum Rents and Income
- ATT VI – Commitment Letter

RESOLUTION NO. _____

**ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF
SACRAMENTO**

ON DATE OF

**WOODHAVEN SENIOR RESIDENCE: A RESOLUTION OF THE HOUSING
AUTHORITY OF THE COUNTY
OF SACRAMENTO DECLARING INTENTION TO
REIMBURSE EXPENDITURES FROM THE PROCEEDS OF
TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

WHEREAS, the Housing Authority of the County of Sacramento (the "Authority") intends to issue tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to a limited partnership or a limited liability company related to or formed by The John Stewart Company (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, rehabilitation and development of a 104-unit multifamily housing senior residential facility located at 3731 Rio Linda Boulevard, in the City of Sacramento, California (the "Project"); and

WHEREAS, United States Income Tax Regulations section 1.103-18 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure; and

WHEREAS, it is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO:

Section 1. The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition, rehabilitation and development of the Project.

Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations.

Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$6,500,000.

Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition, rehabilitation and development of the Project that are expected to be reimbursed from the proceeds of the Obligations.

Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.

Section 6. The appropriate officers or staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to the California Debt Limit Allocation Committee for an allocation of private activity bonds for the financing of the Project.

Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing -Request For Approval Of Tax-Exempt Bonds For Woodhaven Senior Residence

Page 3

Section 7. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, of or any department of the Authority, the City of Sacramento or the County of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.

Section 8. This resolution shall take effect immediately upon its adoption.

On a motion by Member _____, seconded by Member _____, the foregoing Resolution was passed and adopted by the Housing Authority of the County of Sacramento, State of California this 17th day of June, 2014, by the following vote, to wit:

- AYES: Members,
- NOES: Members,
- ABSENT: Members,
- ABSTAIN: Members,

Chair of the Housing Authority
of Sacramento County, California

(SEAL)

ATTEST:

RESOLUTION NO. ____

ON DATE OF

**WOODHAVEN SENIOR RESIDENCE APPROVING THE ISSUANCE OF
BONDS BY THE HOUSING AUTHORITY OF THE COUNTY OF
SACRAMENTO ON BEHALF OF THE JOHN STEWART COMPANY**

WHEREAS, the Housing Authority of the County of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes to issue multifamily housing revenue obligations (the "Obligations") in an amount not to exceed \$6,500,000 and to lend the proceeds thereof to a limited partnership or a limited liability company related to or formed by The John Stewart Company (the "Developer") to be used to provide funds for the acquisition, rehabilitation and development of a 104-unit multifamily housing senior residential facility located at 3731 Rio Linda Boulevard, in the City of Sacramento, California, to be owned and operated by the Developer;

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986 requires the execution and delivery of the obligations to be approved by the Board of Supervisors of the County (the "Board"), as the elected representative of the County of Sacramento, the host jurisdiction of the subject multifamily housing residential facility, after a public hearing has been held following reasonable and proper notice;

WHEREAS, a public hearing was held by the Board on the 17th day of June, 2014, following duly published notice thereof, and all persons desiring to be heard have been heard;

WHEREAS, it is in the public interest and for the public benefit that the Board, as the elected representative of the County of Sacramento, the host jurisdiction of the subject multifamily housing residential facility, approve the execution and delivery by the Authority of the Obligations;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO:

Section 1. The Board of Supervisors of the County of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$6,500,000 for the purposes described above is hereby approved.

Section 2. This resolution shall take effect immediately upon its adoption.

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California this 17TH day of June, 2014, by the following vote, to wit:

- AYES: Supervisors,
- NOES: Supervisors,
- ABSENT: Supervisors,
- ABSTAIN: Supervisors,

Chair of the Board of Supervisors
of Sacramento County, California

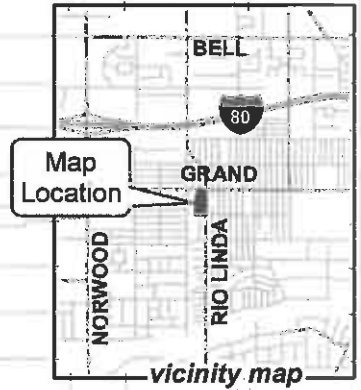
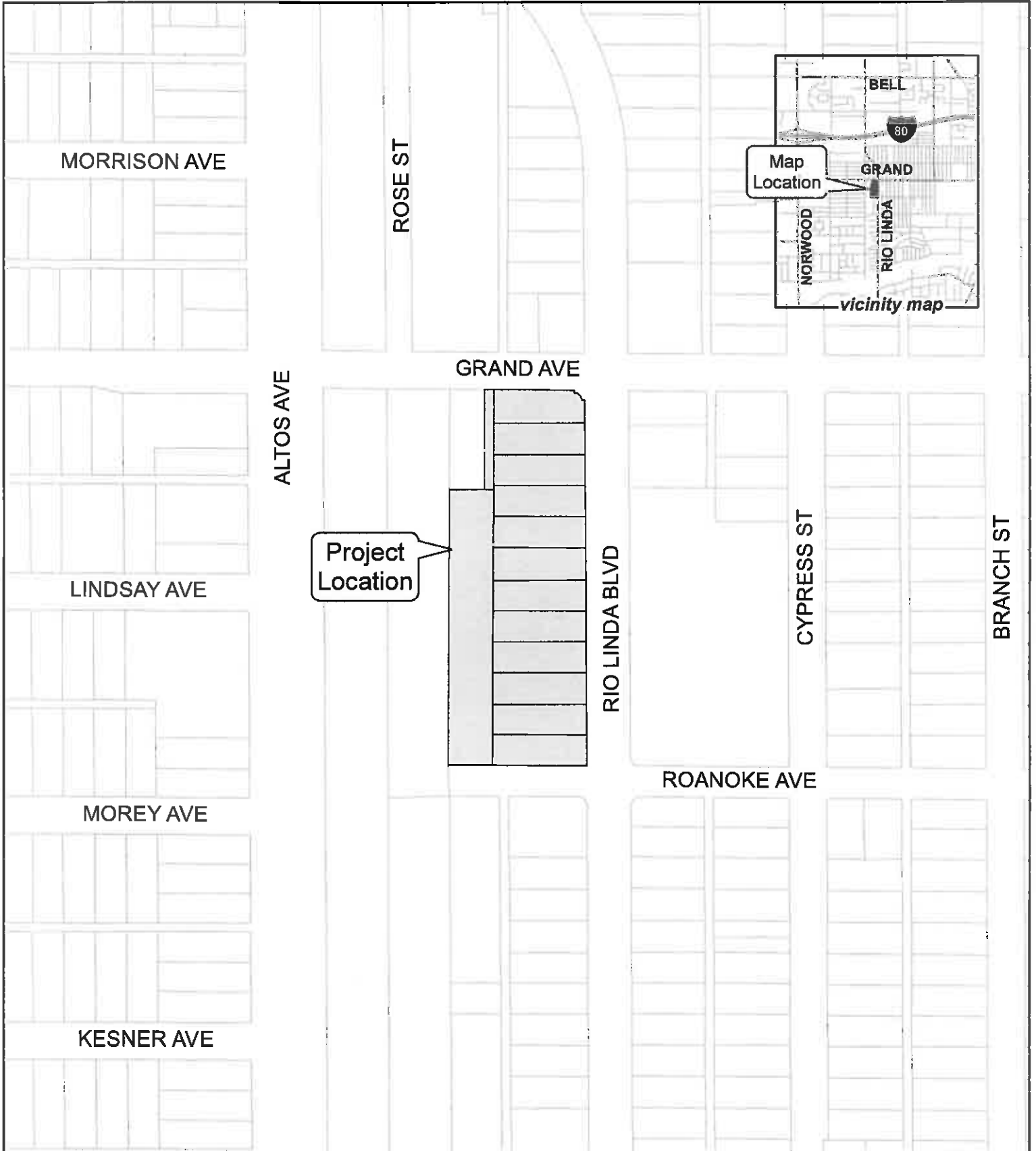
(SEAL)

ATTEST:

Clerk, Board of Supervisors



Woodhaven Senior Residences



Woodhaven Senior Residences



SHRA GIS
May 19, 2014

WOODHAVEN SENIOR RESIDENCES
 3731 RIO LINDA BOULEVARD
 SACRAMENTO CA 95838
 (916) 925-7313

RIO LINDA BLVD.

GRAND AVENUE

Fire House

MAINTENANCE SHOP

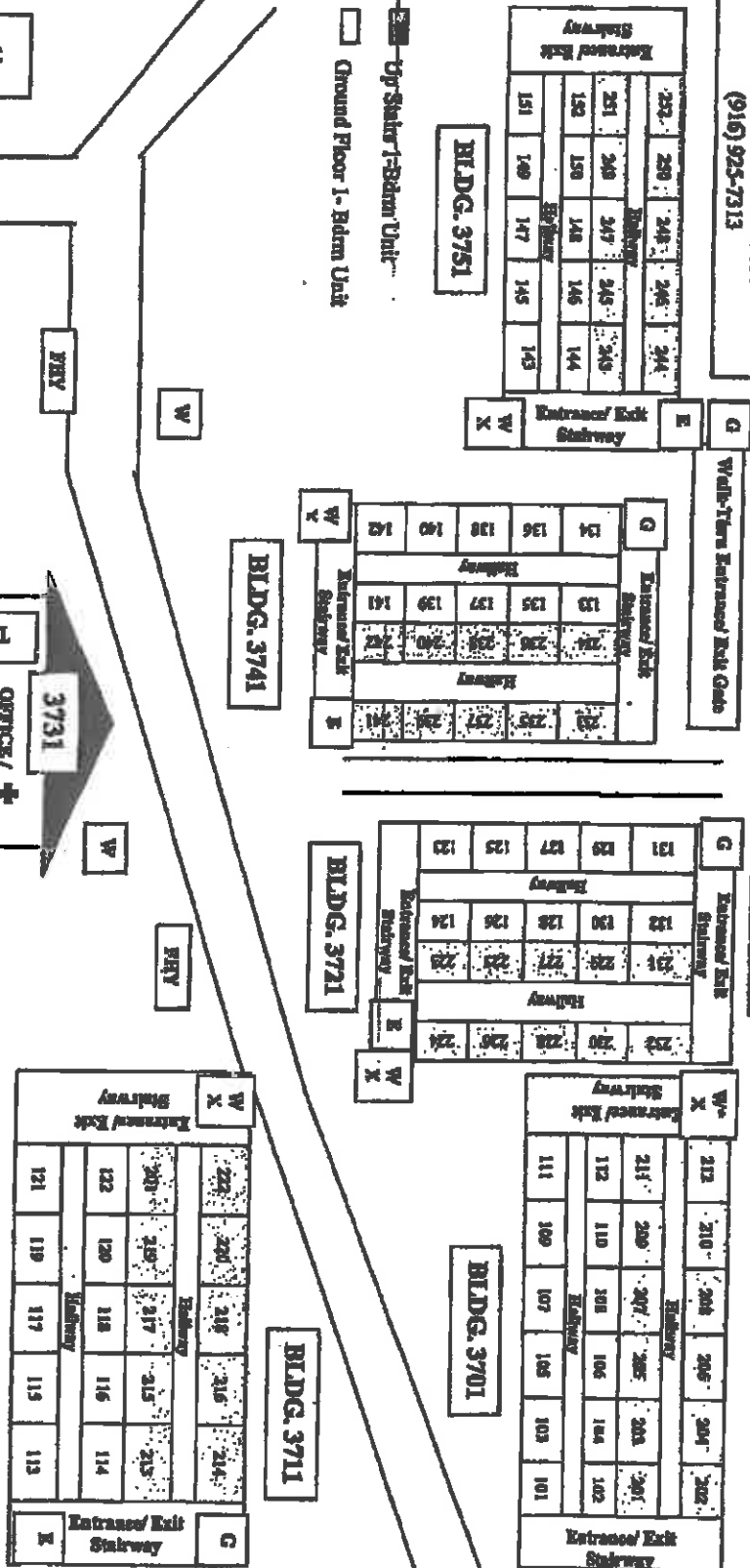
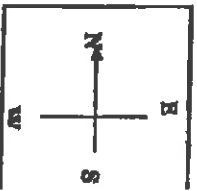
GUEST PARKING LOT PRIMARY II

GRASSY AREA PRIMARY I

OFFICE / COMMUNITY CENTER

LEGEND

- G** GAS SHUT OFF
- E** ELECTRICAL SHUT OFFS
- W** WATER SHUT OFFS
- X** MAIN WATER VALVE BELOW PARKET
- +** FIRE HYDRANTS
- +** EVACUATION SITE
- +** FIRST AID KIT
- +** NEED FOR SHUT OFF VALVES
- +** AMBISCAY SHUT OFF



Walk-Thru Entrance/Exit Gate

BLDG. 3751

253	250	248	246	244
251	249	247	245	243
152	150	148	146	144
151	149	147	145	143

Up Stairs 1-Bdrm Unit
 Ground Floor 1-Bdrm Unit

BLDG. 3741

132	130	128	126	124
131	129	127	125	123
133	131	129	127	125
134	132	130	128	126

BLDG. 3721

131	129	127	125	123
132	130	128	126	124
133	131	129	127	125
134	132	130	128	126

BLDG. 3711

223	220	218	216	214
201	219	217	215	213
122	120	118	116	114
121	119	117	115	113

BLDG. 3701

212	210	208	206	204	202
211	209	207	205	203	201
112	110	108	106	104	102
111	109	107	105	103	101

ROANOKE STREET
 MAIN ENTRANCE
 Drive-Thru Entrance/Exit Gate

Gas House

Walk-Thru Entrance/Exit Gate

Woodhaven
Residential Project Financial Summary

Address	3731 Rio Linda Blvd. Sacramento, CA 95838		
Number of Units	104		
Year Built	1986 foreclosure - 1990 completed		
Acreage	4.4 acres		
Affordability	21 units at or below 50% of AMI 82 units at or below 60% of AMI 1 unregulated Manager's Unit		
Unit Mix and Rents	(50% AMI)	(60% AMI)	Manager
1 Bedroom / 1 Bath	21	82	1
Total	21	82	1
Square Footage	<i>Per Unit</i>	<i>Total</i>	
1 BR / 1 BA	500	51,500	500
Manager's 1 BR / 1 BA	500	500	500
Total	52,000		square feet
Resident Facilities	Community room with kitchen, community gardens, laundry.		
Permanent Sources	<i>Current Total</i>	<i>Per Unit</i>	<i>Per Sq Ft</i>
Tax Credit Equity	\$ 3,792,214	\$ 36,464	\$ 73
Existing Agency Loan	\$ 1,869,277	\$ 17,974	\$ 36
New Agency Loan	\$ 4,442,611	\$ 42,717	\$ 85
Seller Carry Back Loan	\$ 451,677	\$ 4,343	\$ 9
Deferred Developer Fee	\$ 381,486	\$ 3,668	\$ 7
TOTAL SOURCES	\$ 10,937,265	\$ 105,166	\$ 210
Permanent Uses			
Acquisition	\$ 2,650,000	\$ 25,481	\$ 51
Construction Costs	\$ 4,945,431	\$ 47,552	\$ 95
Hard Cost Contingency	\$ 494,543	\$ 4,755	\$ 10
Soft Cost Contingency	\$ 68,701	\$ 661	\$ 1
Financing Costs	\$ 154,112	\$ 1,482	\$ 3
Reserves	\$ 121,158	\$ 1,165	\$ 2
Legal Fees	\$ 190,000	\$ 1,827	\$ 4
Relocation - Temporary	\$ 505,000	\$ 4,856	\$ 10
Permits	\$ 199,058	\$ 1,914	\$ 4
Architecture and Engineering	\$ 420,000	\$ 4,038	\$ 8
Developer Fee	\$ 944,662	\$ 9,083	\$ 18
Other	\$ 244,600	\$ 2,352	\$ 5
TOTAL USES	\$ 10,937,265	\$ 105,166	\$ 210
Management / Operations			
Proposed Developer:	The John Stewart Company		
Property Management Company:	The John Stewart Company		
Operations Budget:	\$342,939	\$3,297	
Property Management	\$52,416	\$504	
Resident Services	\$42,720	\$411	
Replacement Reserves:	\$31,200	\$300	

Unit Type		Number	Square Feet	Total Sq Feet	Gross Rent	2018		2019		2020		2021		2026		2031		2036		2041		2046	
1 BD / 1 BA @ 50% AMI	1 BD / 1 BA @ 60% AMI					Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40	Year 45	Year 50				
Manager's Units		21	500	10,500	\$ 678	\$ 72	\$ 606	\$ 460	\$ 460	\$ 460	\$ 0.82												
Totals/Averages		82	500	41,000	\$ 654	\$ 72	\$ 782	\$ 460	\$ 460	\$ 0.82													
		1	500	500	\$	\$	\$	\$	\$	\$	1.00												
		104	500	52,000																			
* Market Rents \$669																							
Income																							
Potential Gross Income																							
Other Income																							
Less Vacancy																							
Effective Gross Income																							
Operating Expenses																							
Assessments																							
Property Management																							
Replacement Reserves																							
Social Services																							
Total Expenses																							
Net Operating Income																							
Debt Service																							
SHRA Monitoring Fee																							
Debt Service Subtotal																							
DCR on Senior Bonds																							
Other Operating Expenses																							
Other Operating Expenses Subtotal																							
Modified NOI for DCR Calculation																							
Priority Distributions																							
Asset Management Fee (Investor)																							
Managing General Partner Fee																							
Annual Supplemental Assessment																							
Priority Distributions Subtotal																							
Net Cash after Priority Distributions																							
Deferred Developer Fee																							
Principal Balance																							
Interest for Period																							
Accumulated Interest																							
Payment																							
Balance																							
Net Cash after Deferred Developer Fee																							
SHRA HOME Loan																							
Principal Balance																							
Payment																							
Balance																							
SHRA existing loan																							
Principal Balance																							
Interest for Period																							
Accumulated Interest																							
Payment																							
Balance																							
Net Cash After Loan Repayment																							

MAXIMUM HOME RENT AND INCOME LEVELS 2014
Rents @ 50% and 60% of Area Median Income

Maximum Income Limits:

Family Size	Max Income	
	50% AMI	60% AMI
1 person	\$24,050	\$28,860
2 person	\$27,500	\$33,000

Maximum Rent Limits:

HOME/Low Income Housing Tax Credits (LIHTC's)

Unit Size	Gross Rent	
	50% AMI	60% AMI
1 Bedroom	\$644.00	\$773.00

Date: June 17, 2014

The John Stewart Company
C/O Jack D. Gardner, President
1388 Sutter Street 11th Floor
San Francisco, CA 94109

RE: Conditional funding commitment, Woodhaven Senior Residence

Dear Mr. Gardner:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of Construction/Permanent Loan funds (Loan) from the City HOME funds/City Housing Authority funds/Restructuring Outstanding Loan and of Assumption of Obligations for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Woodhaven Senior Residence located at 3731 Rio Linda Blvd, Sacramento, California ("Property"). The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No loan terms not in this funding commitment and the attached loan document forms shall be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty days prior to close of escrow for the Property.

This commitment will expire April 30, 2015.

1. **PROJECT DESCRIPTION:** The project is the acquisition, rehabilitation and development of a 104-unit affordable apartment project known as Woodhaven Senior Residence located at 3731 Rio Linda Blvd., Sacramento, California.
2. **BORROWER:** The name of the Borrower for the Loan is The John Stewart Company, or related entity.

ATT VI

3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of acquisition, rehabilitation, development and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. PRINCIPAL AMOUNT: The combined principal amount of the Loan will be the lesser of (a) Four Million Four Hundred Forty Two Thousand Six Hundred Eleven Dollars (\$4,442,611), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. TERM OF LOAN: The unpaid balance of the Loan will be all due and payable on the first day of the 684th month following closing.
6. INTEREST RATE: The Loan will bear interest at zero percent (0%) per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
7. MONTHLY PAYMENT: Monthly principal and interest payments shall be deferred from the Loan's Effective Date through the term.
8. SOURCE OF LOAN FUNDS: Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City Home Funds, City Housing Authority Low Mod Funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the

development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708); (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a “subsidy” may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower’s contractor.

_____ (Borrower Initial)

10. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency’s lien securing loans from Clearinghouse CDFI and California Department of Housing and Community Development (Rental Housing Construction Program) and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of rehabilitation of the Property.
12. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval.
13. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$3,700,000 in Low Income Housing Tax Credit Equity and no less than \$381,486 in deferred developer fee. If LIHTC equity goes below \$3,700,000 it must be offset by an increase in deferred developer fee.
14. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 - (a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for

completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.

(b) Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien.

(c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.

(d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements

15. **EVIDENCE OF FUNDS:** Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. **SOILS AND TOXIC REPORTS:** Borrower must submit to Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
17. **LOAN IN BALANCE:** Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgement of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
18. **PLANS AND SPECIFICATION:** Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans

ATT VI

and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.

19. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement"), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
20. CONSTRUCTION CONTRACT: The construction contract ("Contract"), if any, and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency shall require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
21. RETENTION AMOUNT: The Agency shall retain ten percent (10.0%) as retention from each disbursement, not to exceed a total of ten percent (10.0%) of the total amount of the Loan.
22. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

ATT VI

23. **COST SAVINGS:** At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. If there is an aggregate savings in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.
24. **START OF CONSTRUCTION:** Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than 60 days following the close of construction financing.
25. **COMPLETION OF CONSTRUCTION:** Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
26. **SECURITY CAMERAS AND OUTSIDE LIGHTING:** Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, all as approved by the Agency.
27. **HAZARD INSURANCE:** Borrower shall procure and maintain fire and extended coverage insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
28. **PUBLIC LIABILITY AND OTHER INSURANCE:** Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single

limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.

29. TITLE INSURANCE: Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
30. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
31. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
32. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information

ATT VI

and operating statements with respect to the Property and Improvements, as Agency may request.

33. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
34. LOW INCOME HOUSING TAX CREDITS ("LIHTC"): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC's and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
35. FEDERAL HOME LOAN BANK AFFORDABLE HOUSING GRANT: Not applicable.
36. SMOKE-FREE ENVIRONMENT: At least 50% of the buildings but no less than 50% of the units must be smoke free. All indoor common areas must be smoke-free.
37. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
38. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
39. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
40. SUBORDINATION AND ASSIGNMENT OF EXISTING DEBT: The Agency will seek approval from the appropriate governing body to restructure, subordinate and assign the existing loan on the Property of \$1,869,277 (principal and accrued interest) from the Tax Credit Funds ("Existing Debt") to the Borrower. The Agency will seek to restructure the terms of the loan, the payment schedule and the maturity date to be consistent with the 57 year term of the new \$4,442,611 Agency Loan.

41. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Yours truly,

LaShelle Dozier
Executive Director

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

Dated:

BORROWER:

The John Stewart Company

By: _____
Jack D. Gardner, President